

PUBLIC DISCLOSURE

August 2, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

American State Bank
RSSD# 276645

1000 Jeffreys Drive
Osceola, Iowa 50213

Federal Reserve Bank of Chicago

230 South LaSalle Street
Chicago, Illinois 60604-1413

NOTE: This document is an evaluation of this bank's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this bank. The rating assigned to this bank does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial bank.

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BANK'S CRA RATING

American State Bank is rated Satisfactory.

American State Bank provides credit consistent with its size and economic conditions within the assessment areas and is satisfactorily meeting the credit needs of the communities it serves. The bank's average loan-to deposit (LTD) ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. A majority of loans were originated in the bank's assessment areas. The bank's geographic distribution of loans reflects reasonable dispersion throughout the assessment areas, and the loan distribution reflects reasonable penetration to individuals of different income levels and businesses and farms of different sizes. There were no CRA-related complaints received by American State Bank or this Reserve Bank since the previous evaluation.

SCOPE OF EXAMINATION

American State Bank's Community Reinvestment Act (CRA) performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC) Small Bank Examination Procedures. The full-scope evaluation considered the bank's asset size, business strategy, competition, and the demographics, economic characteristics, and credit needs of its combined assessment area.

American State Bank operates within two contiguous assessment areas in the central-southern portion of the state of Iowa. The first consists of both Clarke and Decatur Counties in their entirety, which is designated as the non-Metropolitan Statistical Area (MSA) Iowa assessment area (hereafter referred to as Non-MSA Iowa). The second assessment area is comprised of Madison County in its entirety located in the Des Moines-West Des Moines, Iowa MSA #19780 (hereafter referred to as Des Moines MSA). Both assessment areas received full-scope evaluations, with more weight being given to the Non-MSA Iowa assessment area due to the bank's branch concentration and volume of total Home Mortgage Disclosure Act (HMDA)-reportable, small business and small farm loans originated in the assessment area. Products reviewed include HMDA-reportable loans originated from January 1, 2019 – December 31, 2020, and samples of small business and small farm loans originated from January 1, 2020 – December 31, 2020.

Performance within the designated assessment areas was evaluated using small bank examination procedures based on the following performance criteria:

- ***Loan-to-Deposit Ratio*** – A 17-quarter average loan-to-deposit ratio ending March 31, 2021 was calculated for the bank and compared to a sample of local competitors.
- ***Lending in the Assessment Area*** – The bank's HMDA-reportable loans originated from January 1, 2019 – December 31, 2020, and samples of small business and small farm loans originated from January 1, 2020 – December 31, 2020, were reviewed to determine the percentage of loans originated within the assessment area.

- ***Geographic Distribution of Lending in the Assessment Area*** – The bank’s HMDA-reportable loans originated in the assessment area from January 1, 2019 – December 31, 2020, and samples of small business and small farm loans originated in the assessment area from January 1, 2020 – December 30, 2020, were analyzed to determine the extent to which the bank is making loans in geographies of different income levels, particularly those designated as low- and moderate-income.
- ***Lending to Borrowers of Different Income and to Businesses and Farms of Different Sizes*** – The bank’s HMDA-reportable loans originated in the assessment area from January 1, 2019 – December 31, 2020, and samples of small business and small farm loans originated in the assessment area from January 1, 2020 – December 31, 2020, were reviewed to determine the distribution among borrowers of different income levels, particularly those considered low- or moderate-income, and to businesses and farms with different revenue sizes.
- ***Response to Substantiated Complaints*** – Complaints were reviewed to determine if any were related to the bank’s record of helping to meet community credit needs and its responses to any received were evaluated for appropriateness.

In addition, three community representatives were contacted in connection with this examination to provide information regarding local economic and socio-economic conditions in the assessment area. Organizations focusing on economic development and affordable housing were contacted.

DESCRIPTION OF INSTITUTION

American State Bank is a small community bank headquartered in Osceola, Iowa. The bank is a wholly-owned subsidiary of Osceola Bancorporation, a one-bank holding company also located in Osceola, Iowa. The bank operates its main office and one full-service branch office in Osceola, Iowa, with additional branch locations in Lamoni and Winterset, Iowa. Full-service automated teller machines (ATMs) are located at the main office, Lamoni branch, and Winterset branch. In addition, cash-only ATMs are located at the Osceola branch (one ATM), Clarke County Hospital (one ATM), and Lakeside Casino (three ATMs) in Osceola, Iowa. The bank currently does not maintain any affiliate or subsidiary relationships.

As of March 31, 2021, the bank reported total assets of approximately \$262.0 million. American State Bank offers a variety of traditional lending products including agricultural, commercial, residential real estate (in-house and secondary market), and consumer closed-end loans. The bank is primarily a commercial and agricultural lender, as these categories represent approximately 39.8 and 37.2 percent of the gross loan portfolio, respectively. In addition to its lending activities, the bank offers standard, non-complex deposit products including checking, savings, money market deposit, certificates of deposit, and individual retirement accounts to meet the personal and business banking needs of its communities. Detail of the bank’s loan portfolio is provided in the following table.

| Composition of Loan Portfolio as of March 31, 2021 | | |
|---|-----------------------------------|----------------|
| Loan Type | Dollar Volume (\$ are in 000s) | % of Portfolio |
| Commercial | 63,121 | 39.8 |
| Agricultural | 58,942 | 37.2 |
| Residential Real Estate | 25,692 | 16.2 |
| Consumer | 9,359 | 5.9 |
| Other | 1,379 | 0.9 |
| Total Loans | 158,493 | 100.0 |

Note: Percentages may not total 100.00 percent due to rounding.

There are no known legal, financial, or other factors impeding the bank's ability to help meet the credit needs in its communities.

The bank was rated satisfactory under the CRA at its previous evaluation conducted on April 17, 2017.

DESCRIPTION OF ASSESSMENT AREA

American State Bank's combined assessment area includes two contiguous assessment areas located in the central-southern portion of Iowa. The first consists of Clarke and Decatur Counties in their entirety, designated as the Non-MSA Iowa assessment area. The second assessment area (Des Moines MSA) is comprised of Madison County in its entirety, which is part of the Des Moines-West Des Moines, Iowa MSA #19780; Dallas, Guthrie, Jasper, Polk, and Warren Counties are also located in the MSA but excluded from the bank's Des Moines MSA assessment area. Both assessment areas have remained unchanged since the previous evaluation.

The combined assessment area is comprised of nine census tracts. The Non-MSA Iowa assessment area includes six census tracts, of which one is moderate-income and five are middle-income census tracts. Within this assessment area, Clarke County is comprised of three census tracts, all of which are designated as middle-income. Decatur County also has three census tracts, two of which are considered distressed and underserved middle-income tracts due to poverty and their remote rural location, and one moderate-income census tract. The Des Moines MSA assessment area (Madison County) is comprised of one moderate-income and two middle-income census tracts.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

American State Bank's loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and the credit needs of its assessment areas. Since the previous evaluation, the bank's

average LTD increased from 82.7 percent to 84.7 percent, indicating the bank’s continued willingness to lend and meet the credit needs of its assessment area. The bank’s average LTD ratio was significantly higher than most of its local competitors over the 17-quarter period ending March 31, 2021, with the exception of BTC Bank at 93.9 percent and Great Western Bank at 93.0 percent. The following table compares the bank’s LTD ratio to its local competitors.

| Comparative Loan-to-Deposit Ratios | |
|---|----------------------------------|
| Institution | Loan-to-Deposit Ratio (%) |
| | 17 – Quarter Average |
| American State Bank | 84.7 |
| Competitor Average | 73.8 |
| Competitors | |
| BTC Bank | 93.9 |
| Earlham Savings Bank | 60.0 |
| Farmers & Merchant Bank | 66.8 |
| Farmers Bank of Northern Missouri | 67.1 |
| First National Bank Ames Iowa | 68.9 |
| Great Western Bank | 93.0 |
| Union State Bank | 66.9 |

Assessment Area Concentration

American State Bank originated a majority of its HMDA-reportable loans and samples of small business and small farm loans in the combined assessment area. Overall, the bank originated 74.0 percent, by number, and 68.5 percent, by dollar amount, of total loans within the combined assessment area. Specific to HMDA-reportable loans, the bank originated 77.4 percent, by number, and 74.8 percent, by dollar amount, inside its combined assessment area. Similarly, the percentage of small farm loans made in the combined assessment area represents a majority at 74.1 percent, by number, and 74.9 percent by dollar volume. Lastly, the percentage of small business loans made in the assessment areas represents a majority with 69.8 percent, by number, and 52.2 percent by dollar volume. The bank’s concentration of lending outside the assessment areas, mostly with small business loans, can partially be attributed to Paycheck Protection Program (PPP) lending activity as well as accommodating commercial customers who engage in activities outside the assessment areas. The percentage of HMDA-reportable, small business, and small farm loan originations within the combined assessment area indicates the bank is actively serving the credit needs of the community.

The following table summarizes American State Bank’s lending inside and outside its combined assessment area for HMDA-reportable loans originated from January 1, 2019 to December 31, 2020, and samples of small business and small farm loans originated from January 1, 2020 to December 31, 2020.

| Lending Inside and Outside the Assessment Area | | | | | | | | |
|--|------------|-------------|---------------|-------------|-----------|-------------|--------------|-------------|
| Loan Type | Inside | | | | Outside | | | |
| | # | % | \$(000s) | % | # | % | \$(000s) | % |
| Home Improvement | 16 | 84.2 | 420 | 83.8 | 3 | 15.8 | 81 | 16.2 |
| Home Purchase - Conventional | 44 | 72.1 | 4,557 | 71.0 | 17 | 27.9 | 1,862 | 29.0 |
| Multi-Family Housing | 3 | 75.0 | 210 | 64.4 | 1 | 25.0 | 116 | 35.6 |
| Refinancing | 40 | 81.6 | 3,418 | 80.3 | 9 | 18.4 | 840 | 19.7 |
| Total HMDA related | 103 | 77.4 | 8,605 | 74.8 | 30 | 22.6 | 2,899 | 25.2 |
| Small Business related | 81 | 69.8 | 3,770 | 52.2 | 35 | 30.2 | 3,458 | 47.8 |
| Small Farm related | 86 | 74.1 | 5,355 | 74.9 | 30 | 25.9 | 1,794 | 25.1 |
| TOTAL LOANS | 270 | 74.0 | 17,731 | 68.5 | 95 | 26.0 | 8,150 | 31.5 |

Note: Percentages may not total 100.0 percent due to rounding

Geographic and Borrower Distribution

The bank’s geographic distribution of loans reflects reasonable distribution throughout the assessment areas, including low- and moderate-income geographies. In addition, the borrower distribution reflects a reasonable penetration among individuals of different income levels, including low- and moderate-income individuals, and businesses and farms of different sizes. More detail on the bank’s lending activities and relevant demographic information for each assessment area is discussed in the individual assessment area sections to follow.

Response to Complaints

The bank or this Reserve Bank has not received any CRA-related complaints since the previous evaluation.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

NON-MSA IOWA – FULL REVIEW

SCOPE OF EXAMINATION

Full scope examination procedures were used to evaluate the bank's performance in the Non-MSA Iowa assessment area. The scope for this assessment area is consistent with the scope of examination described within the introduction section of this Performance Evaluation.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN NON-MSA IOWA

American State Bank delineates Clarke and Decatur Counties in their entirety within the Non-MSA Iowa assessment area. The assessment area is unchanged since the previous evaluation and is comprised of six census tracts. Based on 2020 FFIEC census data, the census tract composition includes one moderate-income and five middle-income census tracts. The FFIEC designates two census tracts in Decatur County as distressed and underserved middle-income geographies due to poverty and their remote locations. All census tracts within Clarke County are considered middle-income.

The bank operates a main office and two branch locations within the assessment area. Full-service ATMs are located at the main office and Lamoni branch. In addition, cash-only ATMs are located at the Osceola branch (one ATM), Clarke County Hospital (one ATM), and at the Lakeside Casino (three ATMs) in Osceola, Iowa. All branch offices and standalone ATMs are in middle-income census tracts. There were no branch offices opened or closed since the previous evaluation. However, the bank did make some changes to its ATM network by removing the cash-only ATM located at Graceland University, Lamoni, Iowa, in 2019 and placing a new cash-only ATM at the Clarke County Hospital, Osceola, Iowa, in 2021.

In 2020, 80 total HMDA reporters within the assessment area originated or purchased HMDA-reportable loans totaling 452 by number. American State Bank originated 39 of these loans, ranking first on the HMDA market peer report. The second and third ranked financial institutions were First National Bank, Ames, Iowa and Iowa Bankers Mortgage Corporation, Johnston, Iowa with 37 and 36 originations, respectively. This was an improvement from the previous year (2019), when the bank originated 23 HMDA loans and ranked third out of 89 total HMDA reporters that originated or purchased HMDA-reportable loans. By comparison, the first and second ranked financial institutions included Great Western Bank, Sioux Falls, Iowa and Iowa Bankers Mortgage Corporation with 32 and 27 HMDA originations, respectively.

According to the June 30, 2020 Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, American State Bank ranked first among six FDIC-insured financial institutions operating in the assessment area with 36.8 percent of the deposit market share. Financial institutions in the market following American State Bank included Great Western Bank (24.7 percent), First National Bank, Ames, Iowa (22.8 percent), and Bank of the West, San Francisco,

California (6.5 percent). For reference, the six total FDIC-insured depository institutions operating in the assessment area maintain a total of 11 branch offices, three of which belong to American State Bank.

The following table displays information about the assessment area by tract income categories, including details on total families, housing units, businesses, and farms for the year 2020. Please see Appendix C to review this information for the year 2019.

| Assessment Area: 2020 IA Non MSA | | | | | | | | |
|--|---------------------------|------------------------------------|--------------------------|------------------|--|----------------------|---------------------------|--------------|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | |
| | # | % | # | % | # | % | # | % |
| Low-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 1,059 | 24.0 |
| Moderate-income | 1 | 16.7 | 576 | 13.1 | 105 | 18.2 | 931 | 21.1 |
| Middle-income | 5 | 83.3 | 3,831 | 86.9 | 491 | 12.8 | 886 | 20.1 |
| Upper-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 1,531 | 34.7 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 6 | 100.0 | 4,407 | 100.0 | 596 | 13.5 | 4,407 | 100.0 |
| | Housing Units by Tract | Housing Types by Tract | | | | | | |
| | | Owner-Occupied | | | Rental | | Vacant | |
| | | # | % | % | # | % | # | % |
| Low-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate-income | 1,014 | 449 | 9.5 | 44.3 | 379 | 37.4 | 186 | 18.3 |
| Middle-income | 6,959 | 4,271 | 90.5 | 61.4 | 1,789 | 25.7 | 899 | 12.9 |
| Upper-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Unknown-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 7,973 | 4,720 | 100.0 | 59.2 | 2,168 | 27.2 | 1,085 | 13.6 |
| | Total Businesses by Tract | Businesses by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | # |
| Low-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate-income | 132 | 17.3 | 117 | 17.1 | 11 | 20.4 | 4 | 18.2 |
| Middle-income | 630 | 82.7 | 569 | 82.9 | 43 | 79.6 | 18 | 81.8 |
| Upper-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 762 | 100.0 | 686 | 100.0 | 54 | 100.0 | 22 | 100.0 |
| Percentage of Total Businesses: | | | 90.0 | | 7.1 | | 2.9 | |
| | Total Farms by Tract | Farms by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | # |
| Low-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate-income | 14 | 6.5 | 14 | 6.5 | 0 | 0.0 | 0 | 0.0 |
| Middle-income | 203 | 93.5 | 201 | 93.5 | 1 | 100.0 | 1 | 100.0 |
| Upper-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 217 | 100.0 | 215 | 100.0 | 1 | 100.0 | 1 | 100.0 |
| Percentage of Total Farms: | | | 99.1 | | 0.5 | | 0.5 | |
| 2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS | | | | | | | | |
| Note: Percentages may not add to 100.0 percent due to rounding | | | | | | | | |

Population Characteristics

According to 2011-2015 U.S. Census Bureau American Community Survey (ACS) population estimates, the population within the assessment area is 17,529, representing a slight decrease of 1.2 percent since 2010. The population in Clarke County only decreased by 0.1 percent, while Decatur County experienced a greater population decrease of 2.5 percent from 2010 to 2015. Conversely, the population increased slightly in the state of Iowa during the same time by 1.5 percent.

According to a community representative, Clarke County has not experienced much fluctuation in population which has been relatively stable. The representative attributed the stable population in Clarke County to its proximity to the Des Moines metropolitan area which allows commuters the opportunity to live and work between both areas. An additional representative noted that many individuals in Decatur County are moving to larger cities to access better employment opportunities, contributing to the decrease in population.

| Population Change | | | |
|-------------------|-----------------|------------------------|-------------------|
| Area | 2010 Population | 2011 – 2015 Population | Percentage Change |
| Assessment Area | 17,743 | 17,529 | -1.2 |
| Clarke County | 9,286 | 9,280 | -0.1 |
| Decatur County | 8,457 | 8,249 | -2.5 |
| State of Iowa | 3,046,355 | 3,093,526 | 1.5 |

*Source: 2010 – U.S. Census Bureau: Decennial Census
2011- 2015 – U.S. Census Bureau: Annual Population Estimates*

Income Characteristics

According to 2015 U.S. Census Bureau ACS data, the assessment area is comprised of 4,407 families, of which 24.0 percent are designated as low-income, 21.1 percent are moderate-income, 20.1 percent are middle-income, and 34.7 percent are upper-income. Approximately 13.5 percent of families residing within the assessment area live below the poverty line.

The table below presents the Median Family Income (MFI) for the counties comprising the assessment area and the state of Iowa. Clarke and Decatur Counties experienced similar growth in MFIs from 2010 at 6.6 percent and 6.9 percent, respectively. Despite growth, the MFIs for the counties remained significantly below that of the state of Iowa at \$67,466, reflecting an increase of 9.2 percent since 2010. According to a community representative, the wage potential within Clarke County has experience continuous growth which is highly attributed to the concentration of manufacturing jobs in the area. Positions offered within manufacturing pay sustainable wages and contributed to the increase in MFI in Clarke County. Decatur County continued to experience a lower MFI than Clarke County and the state of Iowa considering there are minimal higher paying employment opportunities and a large population of retirees on a set income in the area, according to another community representative.

| Median Family Income Change | | | |
|-----------------------------|---------------------------|--------------------------------|-------------------|
| Area | 2010 Median Family Income | 2011-2015 Median Family Income | Percentage Change |
| Clarke County | 54,707 | 58,333 | 6.6 |
| Decatur County | 48,015 | 51,322 | 6.9 |
| State of Iowa | 61,804 | 67,466 | 9.2 |

*Source: 2010—U.S. Census Bureau: Decennial Census
2011-2015—U.S. Census Bureau: American Community Survey*

Bankruptcy Characteristics

Personal bankruptcy filing rates have remained stable from 2016 through 2019, experiencing slight fluctuations during the time period. Decatur County generally experienced lower filing rates, which was 1.1 in 2019 and at its lowest in 2016 and 2018 at 0.7 (per 1,000 population). Rates in Clarke County were more aligned with the state of Iowa and ranged from 1.4 to 1.8 per 1,000 population. Comparatively, rates in the state of Iowa ranged from 1.3 to 1.5 per 1,000 population. Please see the table below for more detail on personal bankruptcy filing rates.

| Personal Bankruptcy Filing Rate (per 1,000 population) | | | | |
|--|------|------|------|------|
| Area | 2016 | 2017 | 2018 | 2019 |
| Clarke County, IA | 1.4 | 1.8 | 1.5 | 1.8 |
| Decatur County, IA | 0.7 | 1.6 | 0.7 | 1.1 |
| State of Iowa | 1.3 | 1.3 | 1.4 | 1.5 |

Source: Administrative Office of The U.S. Courts

Housing Characteristics

The table below presents trends in housing costs and affordability within the assessment area and the state of Iowa. According to 2015 US Census Bureau ACS data, there are a total of 7,973 housing units in the assessment area. The majority of housing units are owner-occupied at 59.2 percent, while 27.2 percent are rental units and 13.6 percent of housing units are vacant.

Median housing values in Clarke and Decatur Counties are \$91,200 and \$81,500, respectively. This represented a slight decrease from 2010 of 1.3 percent for Clarke County, while Decatur County experienced a significant increase of 17.6 percent but remained lower than the median housing values in the state of Iowa and Clarke County. As noted by a community representative, Decatur County’s housing stock is generally older and more rural, contributing to lower housing values than other areas outside the county.

Median gross rents in Clarke and Decatur Counties experienced opposite trends based on 2006-2010 and 2011-2015 U.S. Census Bureau ACS data. More specifically, the median gross rent in Clarke County significantly increased from \$468 in 2010 to \$678 in 2015, reflecting a 44.9 percent

increase. This increase aligned median gross rent in Clarke County more closely with the state of Iowa in 2015, which maintained the highest median gross rent at \$697 reflecting a 13.0 percent increase from 2010. Conversely, Decatur County experienced a decrease of 8.9 percent, changing from \$507 in 2010 to \$462 in 2015. Community representatives noted that demand for rental units has increased in both counties due to a need for more affordable housing options. Moreover, representatives stated that housing availability overall is of particular concern due to limited development occurring in the area, as builders/developers tend to seek out opportunities in larger cities nearby (e.g., Des Moines metro area) to receive a greater return on investment. The limited development occurring in the assessment area is further supported by U.S. Census Bureau’s Annual Building Permits Survey data, which showed no multi-family housing permits, and limited single family housing permits (particularly in Decatur County), in the assessment area from 2017-2019. Please see the charts below for more detail on housing permit data in the assessment area and the state of Iowa.

A common method used to compare relative affordability of housing across geographic areas is the affordability ratio, which is defined in Appendix D. A higher ratio supports more affordable housing opportunities. Based on U.S. Census Bureau data, affordability ratios in Clarke and Decatur Counties are generally aligned as of 2015. However, Decatur County experienced a more significant decrease in affordability, with its ratio declining from 0.54 in 2010 to 0.47 in 2015, supporting comments from a community representative who noted concerns around affordable housing in the county. Overall, housing is generally more affordable in the assessment area compared to the state of Iowa at 0.41.

Foreclosure rates within the assessment area do not indicate any economic concerns, as rates have remained relatively low since the previous evaluation. Decatur County generally experienced higher rates, particularly in 2018 when the rate peaked to 2.6 percent but has gradually declined. As of September 2019, the average rate of foreclosures for Clarke and Decatur Counties were 0.0 percent and 1.0 percent, respectively. Comparatively, the foreclosure rate in the state of Iowa was 0.6 percent during the same time.

| Trends in Housing Costs 2006-2010 and 2011-2015 | | | | | | | | |
|--|----------------------|-----------|----------|-------------------|-----------|----------|---------------------|-----------|
| Area | Median Housing Value | | | Median Gross Rent | | | Affordability Ratio | |
| | 2006-2010 | 2011-2015 | % Change | 2006-2010 | 2011-2015 | % Change | 2006-2010 | 2011-2015 |
| Clarke County | 92,400 | 91,200 | -1.3 | 468 | 678 | 44.9 | 0.49 | 0.48 |
| Decatur County | 69,300 | 81,500 | 17.6 | 507 | 462 | -8.9 | 0.54 | 0.47 |
| State of Iowa | 119,200 | 129,200 | 8.4 | 617 | 697 | 13.0 | 0.41 | 0.41 |
| <i>Source: 2006-2010—U.S. Census Bureau: American Community Survey 2011-2015—U.S. Census Bureau: American Community Survey</i> | | | | | | | | |

| Total Single Family Housing Permit Growth | | | | | | |
|---|---------------------------|-----------------------|---------------------------|-----------------------|---------------------------|-----------------------|
| Area | 2017 | | 2018 | | 2019 | |
| | Number of Housing Permits | Year Over Year Growth | Number of Housing Permits | Year Over Year Growth | Number of Housing Permits | Year Over Year Growth |
| Clarke County, IA | 114 | 267.7 | 98 | -14.0 | 97 | -1.0 |
| Decatur County, IA | 4 | NA | 1 | -75.0 | 3 | 200.0 |
| State of Iowa | 8,054 | -1.7 | 7,306 | -9.3 | 7,865 | 7.7 |

| Total Multi-Family Housing Permit Growth | | | | | | |
|--|---------------------------|-----------------------|---------------------------|-----------------------|---------------------------|-----------------------|
| Area | 2017 | | 2018 | | 2019 | |
| | Number of Housing Permits | Year Over Year Growth | Number of Housing Permits | Year Over Year Growth | Number of Housing Permits | Year Over Year Growth |
| Clarke County, IA | NA | NA | NA | NA | NA | NA |
| Decatur County, IA | NA | NA | NA | NA | NA | NA |
| State of Iowa | 5,881 | -3.8 | 4,200 | -28.6 | 3,993 | -4.9 |

Employment Characteristics

The table below presents the unemployment trends for the counties in the assessment area and the state of Iowa from 2016 to 2019. Unemployment rates fluctuated across all areas; however, rates were generally aligned and experienced declines from 2016 to 2019. As of 2019, Clarke County maintained the highest unemployment rate at 2.9 percent, while Decatur County’s unemployment rate was the lowest at 2.2 percent. Comparatively, the state of Iowa maintained an unemployment rate of 2.7 percent in 2019 and had the highest recorded rate at 3.7 percent in 2016. A community representative noted that Clarke County’s employment base is primarily manufacturing, which makes it challenging for candidates seeking employment opportunities in other industries. However, residents can seek employment opportunities in larger cities nearby, such as Des Moines, creating more workforce opportunities. The representative noted that this has resulted in employers within the area, particularly Clarke County, raising wages to attract talent.

| Unemployment Rates | | | | |
|--------------------|------|------|------|------|
| Region | 2016 | 2017 | 2018 | 2019 |
| Clarke County, IA | 3.4 | 3.1 | 2.8 | 2.9 |
| Decatur County, IA | 3.3 | 2.6 | 2.2 | 2.2 |
| State of Iowa | 3.7 | 3.1 | 2.5 | 2.7 |

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

Industry Characteristics

The information presented in the table below illustrates the largest employers in the assessment area and details their respective industries. The employment base covers multiple industries, with the largest being in manufacturing, healthcare, and education. A community representative noted that the area job market thrives due to the manufacturing industry. In addition, the representative noted that Hormel Foods has experienced continuous growth, which creates additional employment opportunities.

| Largest Employers in the Assessment Area | | |
|--|---------------------|---|
| Company | Number of Employees | Industry |
| Osceola Food LLC | 740 | Meat Packers – Manufacturers |
| Hormel Foods | 700 | Food Products - Wholesale |
| Osceola Investors | 260 | Closures-Industrial-Protective - Manufacturers |
| Graceland University | 350 | Schools-Universities & Colleges Academic |
| Westview Properties LLC | 100 | Nursing & Convalescent Homes |
| Leon Junior & Senior High Sch | 140 | Schools |
| Lakeside Hotel Casino | 195 | Casinos |
| Hy-Vee | 200 | Grocers-Retail |
| Exel | 180 | Warehouses |
| Clarke Elementary School | 115 | Schools |
| Clarke County Public Hospital | 147 | Hospitals |
| Central Decatur School District | 131 | School Districts |

Source: Business information provided by Infogroup®, Omaha, NE

Community Representatives

Two community representatives were contacted to provide relevant economic, demographic, planning, and community credit need information within the assessment area. Generally, community representatives perceive banks to be actively involved in serving the credit needs of the community. Overall, economic conditions were considered to be stable even through the pandemic, particularly as it relates to population and employment characteristics. Local businesses and consumers were able to benefit from government assistance provided through Paycheck Protection Program (PPP) lending and stimulus checks. However, there were some areas of concern noted that indicate there is an opportunity for banks to provide additional assistance to meet housing needs in the community. More specifically, community representatives noted the need for more affordable housing options and housing development throughout the community. In addition, a representative noted that residents could benefit from additional homebuying assistance programs and resources to assist first-time homebuyers in Clarke County.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NON-MSA IOWA

LENDING TEST

Geographic Distribution of Loans

The bank's geographic distribution of HMDA-reportable, small business, and small farm loans reflects reasonable dispersion throughout the bank's assessment area. For context, the assessment area consists of one moderate- and five middle-income census tracts based on 2020 FFIEC census data.

An analysis of the geographic distribution was conducted to determine the dispersion of loans among the census tracts within the assessment area. In 2020, American State Bank originated loans in all six census tracts comprising the assessment area when combining all loan categories (i.e., HMDA-reportable, small business and small farm). Specific to HMDA-reportable lending, the bank did not originate any of these loans in the moderate-income census tract in 2020 but penetrated all census tracts in 2019. The assessment area does not include any low- or upper-income census tracts; thus, the analysis is based on the bank's record of lending in moderate- and middle-income census tracts. Based upon this analysis, it appears there are no conspicuous geographic lending gaps.

A breakdown of the bank's HMDA-reportable, small business, and small farm lending is discussed in more detail below.

HMDA-Reportable Loans

American State Bank's geographic distribution of HMDA-reportable loans reflects reasonable dispersion throughout the assessment area. The bank's primary HMDA-reportable loan products originated during the review period were home purchase and refinance loans, which are discussed individually below. The remaining HMDA-reportable loan products were not evaluated due to low volumes of originations. For reference, home purchase and refinance loans represent 52.8 percent (19 loans) and 33.3 percent (12 loans), respectively, of the bank's total HMDA-reportable loans originated in 2020.

Home Purchase

American State Bank did not originate any home purchase loans in the moderate-income census tract, resulting in the bank performing well below the aggregate of lenders and the percentage of owner-occupied units at 12.6 percent and 9.5 percent, respectively. All of the bank's home purchase loans were originated in middle-income census tracts, resulting in the bank performing above the aggregate of lenders at 86.8 percent and the percentage of owner-occupied units at 90.5 percent. Overall, the lack of home purchase loan originations in the moderate-income census tract

in 2020 is considered reasonable given the limited number of housing units within the tract, many of which are rental units, resulting in less opportunity for home purchase lending. Further, the bank originated a low number of home purchase loans overall.

Refinance

The bank did not originate any refinance loans in the moderate-income census tract. This resulted in the bank's performance being well below the aggregate of lenders and the percentage of owner-occupied units at 10.7 percent and 9.5 percent, respectively. The bank originated all its refinance loans in middle-income census tracts, with its performance being above the aggregate of lenders at 89.3 percent and the percent of owner-occupied units at 90.5 percent. Overall, the lack of refinance loan originations in the moderate-income census tract in 2020 is considered reasonable given the limited number of housing units within the tract, many of which are rental units, resulting in less opportunity for refinance lending. Further, the bank originated a low number of refinance loans overall.

The table below presents the 2020 geographic distribution of HMDA-reportable loans originated in the assessment area. The 2019 geographic distribution table of HMDA-reportable loans can be found in Appendix C. Overall, the geographic distribution of HMDA-reportable lending in 2019 was generally consistent with the bank's performance in 2020 but reflected more lending activity in the moderate-income census tract. More specifically, the bank originated two home purchase loans (18.2 percent) in the moderate-income census tract, outperforming the aggregate of lenders at 6.3 percent and the percent of owner-occupied units in the moderate-income census tract at 9.5 percent.

| Geographic Distribution of HMDA Reportable Loans | | | | | | | | |
|---|---------------------|-------------------------------------|--------------|--------------|----------------------------|--------------|--------------|----------------------------|
| Assessment Area: 2020 IA Non MSA | | | | | | | | |
| Product Type | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Owner Occupied % of Units |
| | | Count | | 2020 | | | | |
| | | Bank # | % | Agg % | Dollar Bank \$ (000s) \$ % | | Agg \$ % | |
| Home Purchase | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 12.6 | 0 | 0.0 | 8.4 | 9.5 |
| | Middle | 19 | 100.0 | 86.8 | 2,050 | 100.0 | 89.5 | 90.5 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0.5 | 0 | 0.0 | 2.1 | 0.0 |
| | Total | 19 | 100.0 | 100.0 | 2,050 | 100.0 | 100.0 | 100.0 |
| Refinance | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 10.7 | 0 | 0.0 | 10.0 | 9.5 |
| | Middle | 12 | 100.0 | 89.3 | 1,099 | 100.0 | 90.0 | 90.5 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 12 | 100.0 | 100.0 | 1,099 | 100.0 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 3.6 | 0 | 0.0 | 1.7 | 9.5 |
| | Middle | 3 | 100.0 | 96.4 | 141 | 100.0 | 98.3 | 90.5 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 3 | 100.0 | 100.0 | 141 | 100.0 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | Multi-Family 0.0 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 28.1 |
| | Middle | 2 | 100.0 | 100.0 | 93 | 100.0 | 100.0 | 71.9 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 2 | 100.0 | 100.0 | 93 | 100.0 | 100.0 | 100.0 |
| Other Purpose LOC | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 9.5 |
| | Middle | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 90.5 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 100.0 |
| Other Purpose Closed/Exempt | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 9.5 |
| | Middle | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 90.5 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 100.0 |
| Loan Purpose Not Applicable | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 20.0 | 0 | 0.0 | 15.8 | 9.5 |
| | Middle | 0 | 0.0 | 80.0 | 0 | 0.0 | 84.2 | 90.5 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 100.0 |
| HMDA Totals | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 10.8 | 0 | 0.0 | 8.9 | 9.5 |
| | Middle | 36 | 100.0 | 88.9 | 3,383 | 100.0 | 90.1 | 90.5 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0.2 | 0 | 0.0 | 0.9 | 0.0 |
| | Total | 36 | 100.0 | 100.0 | 3,383 | 100.0 | 100.0 | 100.0 |
| Originations & Purchases | | | | | | | | |
| 2016 FFIEC Census Data | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. The 2020 sample includes 52 small business loans originated within the assessment area. Of these, the bank originated 15.4 percent within the moderate-income census tract, which is comparable to the percentage of total businesses located in the moderate-income census tract at 17.3 percent. A majority (84.6 percent) of the bank’s small business loans were originated in middle-income tracts, which is comparable to the percentage of total businesses located in those geographies at 82.7 percent. The following table presents the bank’s geographic distribution of small business loans in 2020.

| Geographic Distribution of Small Business Loans | | | | | | |
|--|----------------------------|--|--------------|--------------------|--------------|-------------------------|
| Assessment Area: 2020 IA Non MSA | | | | | | |
| | Tract Income Levels | Bank & Demographic Comparison | | | | |
| | | Count Bank | | Dollar Bank | | Total Businesses |
| | | # | % | \$ 000s | \$ % | % |
| Small Business | Low | 0 | 0.0 | 0 | 0.0 | 0.0 |
| | Moderate | 8 | 15.4 | 619 | 27.1 | 17.3 |
| | Middle | 44 | 84.6 | 1,662 | 72.9 | 82.7 |
| | Upper | 0 | 0.0 | 0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0 | 0.0 | 0.0 |
| | Total | 52 | 100.0 | 2,281 | 100.0 | 100.0 |

2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

Small Farm Loans

The geographic distribution of small farm loans reflects reasonable dispersion throughout the assessment area. The 2020 sample includes 74 small farm loans originated within the assessment area. Of these loans, the bank originated 4.1 percent within the moderate-income census tract, which is comparable to the percentage total farms located in the moderate-income census tract at 6.5 percent. A substantial majority (95.9 percent) of the bank’s small farm loans were originated in middle-income census tracts, which is comparable to the percentage of total farms located in those geographies at 93.5 percent. The following table presents the bank’s geographic distribution of small farm loans in 2020.

| Geographic Distribution of Small Farm Loans | | | | | | |
|--|----------------------------|--|--------------|-------------------------|--------------|--------------------|
| Assessment Area: 2020 IA Non MSA | | | | | | |
| | Tract Income Levels | Bank & Demographic Comparison | | | | |
| | | Count Bank | | 2020 Dollar Bank | | Total Farms |
| | | # | % | \$ 000s | \$ % | |
| Small Farm | Low | 0 | 0.0 | 0 | 0.0 | 0.0 |
| | Moderate | 3 | 4.1 | 473 | 10.3 | 6.5 |
| | Middle | 71 | 95.9 | 4,098 | 89.7 | 93.5 |
| | Upper | 0 | 0.0 | 0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0 | 0.0 | 0.0 |
| | Total | 74 | 100.0 | 4,571 | 100.0 | 100.0 |

2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

Lending to Borrowers of Different Income Levels and to Businesses and Farms of Different Sizes

The bank’s lending to individuals of different income levels and to businesses and farms of different sizes is reasonable. A breakdown of the bank’s HMDA-reportable, small business, and small farm loans is discussed in more detail below.

HMDA-Reportable Loans

The borrower distribution of HMDA-reportable loans reflects reasonable penetration among individuals of different income levels. The bank’s primary HMDA-reportable loan products originated during the review period in this assessment area were home purchase and refinance loans, which are discussed individually below. The remaining HMDA-reportable loan products were not evaluated due to low volumes of originations. For reference, home purchase and refinance loans represent 52.8 percent (19 loans) and 33.3 percent (12 loans), respectively, of the bank’s total HMDA-reportable loans originated in 2020.

American State Bank did not originate any home purchase loans to low-income borrowers in 2020. This resulted in the bank performing significantly below the aggregate of lenders and the percentage of low-income families in the assessment area at 12.1 percent and 24.0 percent, respectively. The bank originated 21.1 percent (four loans) of its home purchase loans to moderate-income borrowers. The bank’s performance was below the aggregate of lenders at 28.4 percent but on par with the percentage of moderate-income families in the assessment area at 21.1 percent.

American State Bank originated 36.8 percent (seven loans) of home purchase loans to middle-

income borrowers, resulting in the bank significantly outperforming the aggregate of lenders at 25.3 percent and the percentage of middle-income families at 20.1 percent. Home purchase loans to upper-income borrowers comprised 31.6 percent (six loans) of the bank's total home purchase loans, resulting in the bank performing above the aggregate of lenders at 24.2 percent, and slightly under the percentage of upper-income families in the assessment area at 34.7 percent.

American State Bank originated 16.7 percent (two loans) of its refinance loans to low-income borrowers. The bank's performance was significantly above the aggregate of lenders at 6.3 percent, but below the percentage of low-income families located in the assessment area at 24.0 percent. The bank originated 25.0 percent (three loans) of refinance loans to moderate-income borrowers, performing above the aggregate of lenders and the percentage of moderate-income families in the assessment area at 15.0 percent and 21.1 percent, respectively.

American State Bank originated 16.7 percent (two loans) of its refinance loans to middle-income borrowers. The bank's performance was below the aggregate of lenders and the percentage of middle-income families in the assessment area at 26.2 percent and 20.1 percent, respectively. Lastly, the bank originated 25.0 percent (three loans) of its refinance loans to upper-income borrowers, performing below the aggregate of lenders and the percentage of upper-income families in the assessment area at 33.5 percent and 34.7 percent, respectively.

The table below presents the 2020 borrower distribution of HMDA-reportable loans in the assessment area. The 2019 borrower distribution table of HMDA-reportable loans can be found in Appendix C. Overall, the borrower distribution of HMDA-reportable lending in 2019 was generally consistent with the bank's performance in 2020 but reflected different trends in lending to low-income borrowers. More specifically, the bank made 27.3 percent (three loans) of its home purchase loans to low-income borrowers in 2019, significantly outperforming the aggregate of lenders at 15.2 percent, and performing just above the percentage of low-income families in the assessment area at 24.0 percent. Conversely, the bank did not make any of its total eight refinance loans to low-income borrowers in 2019, resulting in the bank performing below the aggregate of lenders at 8.3 percent and significantly below the percentage of low-income families in the assessment area at 24.0 percent.

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|---|------------------------|-------------------------------------|-----------|--------------|--------------|--------------|--------------|-----------------------------|
| Assessment Area: 2020 IA Non MSA | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | | Families by Family Income % |
| | | 2020 | | | | | | |
| | | Count Bank | | Agg % | Dollar Bank | | Agg \$ % | |
| | | # | % | % | \$(000s) | \$ % | \$ % | |
| Home Purchase | Low | 0 | 0.0 | 12.1 | 0 | 0.0 | 5.8 | 24.0 |
| | Moderate | 4 | 21.1 | 28.4 | 452 | 22.0 | 20.0 | 21.1 |
| | Middle | 7 | 36.8 | 25.3 | 684 | 33.4 | 25.0 | 20.1 |
| | Upper | 6 | 31.6 | 24.2 | 781 | 38.1 | 33.0 | 34.7 |
| | Unknown | 2 | 10.5 | 10.0 | 133 | 6.5 | 16.2 | 0.0 |
| | Total | | 19 | 100.0 | 100.0 | 2,050 | 100.0 | 100.0 |
| Refinance | Low | 2 | 16.7 | 6.3 | 68 | 6.2 | 2.2 | 24.0 |
| | Moderate | 3 | 25.0 | 15.0 | 93 | 8.5 | 10.6 | 21.1 |
| | Middle | 2 | 16.7 | 26.2 | 200 | 18.2 | 23.1 | 20.1 |
| | Upper | 3 | 25.0 | 33.5 | 569 | 51.8 | 43.2 | 34.7 |
| | Unknown | 2 | 16.7 | 18.9 | 169 | 15.4 | 20.8 | 0.0 |
| | Total | | 12 | 100.0 | 100.0 | 1,099 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 7.1 | 0 | 0.0 | 8.0 | 24.0 |
| | Moderate | 1 | 33.3 | 21.4 | 36 | 25.5 | 20.1 | 21.1 |
| | Middle | 1 | 33.3 | 17.9 | 31 | 22.0 | 17.7 | 20.1 |
| | Upper | 1 | 33.3 | 46.4 | 74 | 52.5 | 49.2 | 34.7 |
| | Unknown | 0 | 0.0 | 7.1 | 0 | 0.0 | 4.9 | 0.0 |
| | Total | | 3 | 100.0 | 100.0 | 141 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 24.0 |
| | Moderate | 2 | 100.0 | 50.0 | 93 | 100.0 | 12.8 | 21.1 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 20.1 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 34.7 |
| | Unknown | 0 | 0.0 | 50.0 | 0 | 0.0 | 87.2 | 0.0 |
| | Total | | 2 | 100.0 | 100.0 | 93 | 100.0 | 100.0 |
| Other Purpose LOC | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 24.0 |
| | Moderate | 0 | 0.0 | 33.3 | 0 | 0.0 | 20.2 | 21.1 |
| | Middle | 0 | 0.0 | 55.6 | 0 | 0.0 | 75.0 | 20.1 |
| | Upper | 0 | 0.0 | 11.1 | 0 | 0.0 | 4.8 | 34.7 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| Other Purpose Closed/Exempt | Low | 0 | 0.0 | 20.0 | 0 | 0.0 | 3.8 | 24.0 |
| | Moderate | 0 | 0.0 | 20.0 | 0 | 0.0 | 19.0 | 21.1 |
| | Middle | 0 | 0.0 | 20.0 | 0 | 0.0 | 11.1 | 20.1 |
| | Upper | 0 | 0.0 | 40.0 | 0 | 0.0 | 66.1 | 34.7 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| Loan Purpose Not Applicable | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 24.0 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 21.1 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 20.1 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 34.7 |
| | Unknown | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| HMDA Totals | Low | 2 | 5.6 | 8.6 | 68 | 2.0 | 3.9 | 24.0 |
| | Moderate | 10 | 27.8 | 21.5 | 674 | 19.9 | 15.0 | 21.1 |
| | Middle | 10 | 27.8 | 25.0 | 915 | 27.0 | 23.6 | 20.1 |
| | Upper | 10 | 27.8 | 29.0 | 1,424 | 42.1 | 37.5 | 34.7 |
| | Unknown | 4 | 11.1 | 15.9 | 302 | 8.9 | 20.0 | 0.0 |
| | Total | | 36 | 100.0 | 100.0 | 3,383 | 100.0 | 100.0 |

Originations & Purchases

2016 FFIEC Census Data

Note: Percentages may not add to 100.0 percent due to rounding

Small Business Loans

The distribution of small business loans reflects reasonable penetration among businesses of different revenue sizes.

The 2020 sample includes 52 small business loans, of which 34.6 percent (18 loans) were made to businesses with annual revenues of \$1 million or less. In addition, five small business loans (9.6 percent) were made to businesses with over \$1 million in annual revenues. The remaining 55.8 percent (29 loans) of total small business loans were made to businesses where annual revenues are unknown. This is largely due to the bank’s participation in PPP lending as a result of the COVID-19 pandemic, where revenue information was not required to be collected by financial institutions. For reference, 90.0 percent of total businesses within the assessment area reported annual revenues of \$1 million or less, while only 7.1 percent reported annual revenues over \$1 million and 2.9 percent reported unknown revenues.

Overall, the bank’s small business lending demonstrates the bank’s willingness to meet credit needs of local businesses, particularly supported by participation in PPP lending, and the significant number (90.4 percent) of small dollar loans made (i.e., \$100,000 or less) made to businesses with revenues of \$1 million or less, which are considered most beneficial to local and small businesses. Further, PPP loans are incredibly beneficial to the community as they are exclusively for payroll or income replacement. This is deemed as a positive impact on the surrounding community as it helps replenish the income loss due to the pandemic.

The following table presents the bank’s borrower distribution of small business loans in 2020.

| Small Business Lending By Revenue & Loan Size | | | | | | | |
|---|----------------------------------|-------------------------------|--------------|--------------|--------------|---------------------|--------------|
| Assessment Area: 2020 IA Non MSA | | | | | | | |
| Product Type | | Bank & Demographic Comparison | | | | | |
| | | 2020 | | 2020 | | Total Businesses | |
| Revenue | Loan Size | Count | Dollar | | | | % |
| | | Bank | Bank | \$ 000s | \$ % | | |
| # | % | | | | | | |
| Small Business | Revenue | \$1 Million or Less | 18 | 34.6 | 723 | 31.7 | 90.0 |
| | | Over \$1 Million | 5 | 9.6 | 411 | 18.0 | 7.1 |
| | | Unknown | 29 | 55.8 | 1,147 | 50.3 | 2.9 |
| | | Total | 52 | 100.0 | 2,281 | 100.0 | 100.0 |
| | Loan Size | \$100,000 or Less | 47 | 90.4 | 1,546 | 67.8 | |
| | | \$100,001 - \$250,000 | 5 | 9.6 | 735 | 32.2 | |
| | | \$250,001 - \$1 Million | 0 | 0.0 | 0 | 0.0 | |
| | | Total | 52 | 100.0 | 2,281 | 100.0 | |
| | Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 17 | 94.4 | 615 | 85.2 | |
| | | \$100,001 - \$250,000 | 1 | 5.6 | 107 | 14.8 | |
| \$250,001 - \$1 Million | | 0 | 0.0 | 0 | 0.0 | | |
| Total | | 18 | 100.0 | 722 | 100.0 | | |

Originations & Purchases
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

Small Farm Loans

The distribution of small farm loans reflects reasonable penetration among farms of different revenue sizes. The 2020 sample includes 74 small farm loans, of which 97.3 percent (72 loans) were made to farms with annual revenues of \$1 million or less. This is comparable to the percentage of small farms in the assessment area at 99.1 percent. Further, 87.5 percent of these loans were made to farms with revenues of \$1 million or less and were in amounts of \$100,000 or less, which are considered the most beneficial to small farms, indicating the bank’s willingness to meet the credit needs of small farms. The remaining two small farm loans from the sample were made to farms with annual revenues over \$1 million, accounting for 2.7 percent of the bank’s total small farm loan originations. This resulted in the bank slightly outperforming the percentage of total farms in the assessment area with annual revenues over \$1 million at 0.5 percent.

The following table presents the bank’s borrower distribution of small farm loans in 2020.

| Small Farm Lending By Revenue & Loan Size | | | | | | | |
|--|----------------------------------|-------------------------------|-----------|--------------|--------------|--------------|--------------|
| Assessment Area: 2020 IA Non MSA | | | | | | | |
| Product Type | | Bank & Demographic Comparison | | | | Total Farms | |
| | | 2020 | | 2020 | | | |
| | Revenue | Count | | Dollar | | | |
| | | Bank | | Bank | | | |
| | | # | % | \$ 000s | \$ % | % | |
| Small Farm | Revenue | \$1 Million or Less | 72 | 97.3 | 4,213 | 92.2 | 99.1 |
| | | Over \$1 Million | 2 | 2.7 | 358 | 7.8 | 0.5 |
| | | Unknown | 0 | 0.0 | 0 | 0.0 | 0.5 |
| | | Total | 74 | 100.0 | 4,571 | 100.0 | 100.0 |
| | Loan Size | \$100,000 or Less | 63 | 85.1 | 1,916 | 41.9 | |
| | | \$100,001 - \$250,000 | 6 | 8.1 | 1,031 | 22.6 | |
| | | \$250,001 - \$500,000 | 5 | 6.8 | 1,624 | 35.5 | |
| | | Total | 74 | 100.0 | 4,571 | 100.0 | |
| | Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 63 | 87.5 | 1,916 | 45.5 | |
| | | \$100,001 - \$250,000 | 4 | 5.6 | 672 | 16.0 | |
| | | \$250,001 - \$500,000 | 5 | 6.9 | 1,624 | 38.6 | |
| | | Total | 72 | 100.0 | 4,212 | 100.0 | |

Originations & Purchases
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

DES MOINES MSA – FULL REVIEW

SCOPE OF EXAMINATION

Full scope examination procedures were used to evaluate the bank's performance in the Des Moines MSA. The scope for this assessment area is consistent with the scope of examination described within the introduction section of this Performance Evaluation.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN DES MOINES MSA

American State Bank delineates Madison County in its entirety within the Des Moines MSA assessment area. The assessment area is unchanged since the previous evaluation and is comprised of three census tracts. Based on 2020 FFIEC census data, the census tract composition includes one moderate-income and two middle-income census tracts. American State Bank operates one branch with a full-service ATM located in a moderate-income census tract in Winterset, Iowa.

In 2020, 132 total HMDA reporters within the assessment area originated or purchased HMDA-reportable loans totaling 1,116 by number. The first and second ranked HMDA reporters were Iowa Bankers Mortgage Corporation and GreenState Credit Union with 81 and 76 originations, respectively. American State Bank originated 19 HMDA loans by comparison, ranking 16th out of 132 HMDA reporters. The 2019 data showed similar results overall, with the bank originating 32 HMDA loans and ranking eighth out of 127 total HMDA reporters that originated or purchased HMDA-reportable loans. By comparison, the first and second ranked financial institutions included Iowa Bankers Mortgage Corporation and Veridian Credit Union with 51 and 49 HMDA originations, respectively. GreenState Credit Union followed, originating 48 HMDA loans in 2019.

According to the June 30, 2020 Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, American State Bank ranked last among four FDIC-insured financial institutions operating in the assessment area with approximately 8.6 percent of the deposit market share. For reference and comparison, the first and second ranked financial institutions were Farmers and Merchants State Bank and Union State Bank with approximately 44.8 percent and 25.2 percent of the deposit market share, respectively. The FDIC-insured depository institutions operating in the assessment area maintain a total of eight branch offices, one of which belongs to American State Bank.

The following table displays information about the assessment area by tract income categories, including details on total families, housing units, businesses, and farms for the year 2020. Please see Appendix C to review this information for the year 2019.

| Assessment Area: 2020 Des Moines-West Des Moines, IA MSA 19780 | | | | | | | | |
|--|--|---|--------------------------|-------------------------|--|-----------------------------|---------------------------|--------------|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | |
| | # | % | # | % | # | % | # | % |
| Low-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 819 | 19.4 |
| Moderate-income | 1 | 33.3 | 1,275 | 30.2 | 44 | 3.5 | 813 | 19.3 |
| Middle-income | 2 | 66.7 | 2,940 | 69.8 | 125 | 4.3 | 1,077 | 25.6 |
| Upper-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 1,506 | 35.7 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 3 | 100.0 | 4,215 | 100.0 | 169 | 4.0 | 4,215 | 100.0 |
| | Housing Units by Tract | Housing Types by Tract | | | | | | |
| | | Owner-Occupied | | Rental | | Vacant | | |
| | | # | % | % | # | % | # | % |
| Low-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate-income | 2,257 | 1,169 | 25.1 | 51.8 | 998 | 44.2 | 90 | 4.0 |
| Middle-income | 4,410 | 3,491 | 74.9 | 79.2 | 567 | 12.9 | 352 | 8.0 |
| Upper-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Unknown-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 6,667 | 4,660 | 100.0 | 69.9 | 1,565 | 23.5 | 442 | 6.6 |
| | Total Businesses by Tract | Businesses by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | # |
| Low-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate-income | 319 | 35.6 | 293 | 35.1 | 24 | 49.0 | 2 | 15.4 |
| Middle-income | 577 | 64.4 | 541 | 64.9 | 25 | 51.0 | 11 | 84.6 |
| Upper-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 896 | 100.0 | 834 | 100.0 | 49 | 100.0 | 13 | 100.0 |
| | Percentage of Total Businesses: | | 93.1 | | 5.5 | | 1.5 | |
| | Total Farms by Tract | Farms by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | # |
| Low-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate-income | 8 | 5.5 | 8 | 5.5 | 0 | 0.0 | 0 | 0.0 |
| Middle-income | 138 | 94.5 | 138 | 94.5 | 0 | 0.0 | 0 | 0.0 |
| Upper-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 146 | 100.0 | 146 | 100.0 | 0 | 0.0 | 0 | 0.0 |
| | Percentage of Total Farms: | | 100.0 | | 0.0 | | 0.0 | |
| 2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

Population Characteristics

The table below presents the population trends for the assessment area (Madison County), the Des Moines MSA, and the state of Iowa from 2010-2015. According to 2011-2015 U.S. Census Bureau ACS population estimates, the assessment area has a population of 15,644, reflecting a slight decrease of 0.2 percent from 2010. By comparison, the Des Moines MSA and the state of Iowa experienced increases in population at 12.0 percent and 1.5 percent, respectively. According to a community representative, Madison County has not experienced a significant change in population given its proximity to the Des Moines metro area. The representative also added that the Des Moines area attracts a younger population as there are more industries and job opportunities available in the area. However, some residents relocate to Madison County because it is more affordable to build homes.

| Population Change | | | |
|---|-----------------|----------------------|-------------------|
| Area | 2010 Population | 2011-2015 Population | Percentage Change |
| Madison County, IA | 15,679 | 15,644 | -0.2 |
| Des Moines- West Des Moines, IA MSA #19780 | 569,633 | 637,913 | 12.0 |
| State of Iowa | 3,046,355 | 3,093,526 | 1.5 |
| <i>Source: 2006-2010 — U.S. Census Bureau: Decennial Census 2011-2015 — U.S. Census Bureau: Annual Population Estimates</i> | | | |

Income Characteristics

According to 2015 U.S. Census Bureau ACS data, the assessment area is comprised of 4,215 families, of which 19.4 percent are designated as low-income, 19.3 percent are moderate-income, 25.6 percent are middle-income, and 35.7 percent are upper income. Approximately 4.0 percent of families residing in the assessment area live below the poverty line.

The table below presents the Median Family Income (MFI) for the assessment area (Madison County), the Des Moines MSA, and state of Iowa. The MFI in the assessment area is \$71,899, reflecting an increase of 7.2 percent since 2010. The assessment area's MFI falls under the MFI of the Des Moines MSA at \$75,653, but above the state of Iowa's MFI at \$67,466. Although the state of Iowa experienced the highest increase in MFI from 2010 to 2015 at 9.2 percent, the Des Moines MSA maintained the highest MFI compared to the assessment area and the state of Iowa. A community representative attributed the increase in MFI to Madison County's close proximity to the Des Moines metro area, allowing opportunities for residents to commute and earn higher wages in larger cities nearby. The representative further noted that healthcare, manufacturing, and education industries offer competitive wages in the area.

| Median Family Income Change | | | |
|--|---|--|-------------------|
| Area | 2010 Median Family Income (In 2010 Dollars) | 2011-2015 Median Family Income (In 2015 Dollars) | Percentage Change |
| Madison County, IA | 67,099 | 71,899 | 7.2 |
| Des Moines-West Des Moines, IA MSA #19780 | 71,705 | 75,653 | 5.5 |
| State of Iowa | 61,804 | 67,466 | 9.2 |
| <i>Source: 2006—U.S. Census Bureau: Decennial Census 2011-2015—U.S. Census Bureau: American Community Survey</i> | | | |

Bankruptcy Characteristics

The table below highlights personal bankruptcy filing rates for the assessment area (Madison County), the Des Moines MSA, and the state of Iowa from 2016-2019. According to data from the Administrative Office of the U.S. Courts, personal bankruptcy filing rates have remained stable from 2016 through 2019, experiencing slight fluctuations during the time period across all areas evaluated. Madison County generally experienced the lowest filing rates during the time period, most recently reported at 1.4 per 1,000 population in 2019. The Des Moines MSA had the highest bankruptcy rate at 2.0 per 1,000 population in 2019.

| Personal Bankruptcy Filing Rate (per 1,000 population) | | | | |
|---|------|------|------|------|
| Area | 2016 | 2017 | 2018 | 2019 |
| Madison County, IA | 1.1 | 0.9 | 1.5 | 1.4 |
| Des Moines-West Des Moines, IA MSA #19780 | 1.7 | 1.7 | 1.8 | 2.0 |
| State of Iowa | 1.3 | 1.3 | 1.4 | 1.5 |
| <i>Source: Administrative Office of The U.S. Courts</i> | | | | |

Housing Characteristics

The table below presents recent trends in housing costs and affordability within the assessment area (Madison County), the Des Moines MSA, and the state of Iowa. According to 2015 ACS data, there are a total of 6,667 housing units in the assessment area. The majority of housing units are owner-occupied at 69.9 percent, while 23.5 percent are rental units and 6.6 percent of housing units are vacant.

The assessment area’s median housing value is \$160,200 and median gross rent is \$818, both of which are higher than the median housing values and gross rents in the Des Moines MSA and the state of Iowa. These figures reflect notable increases since 2010 in the assessment area, with the median housing value increasing 10.2 percent and median gross rent increasing 35.0 percent. During the same period, median housing values and gross rents in the Des Moines MSA and the state of Iowa increased as well. More specifically, median housing values increased by 4.7 percent

and 8.4 percent, respectively, while median gross rents increased 12.7 percent and 13.0 percent, respectively. A community representative stated that values of homes are increasing beyond affordability and there is a greater need for affordable housing. While there are some projects in development, the representative noted that developers/builders are pricing homes higher to increase profitability. The representative also noted that gross rents in the area have seen an increase due to higher demand and limited rental inventory.

A common method used to compare relative affordability of housing across geographic areas is the affordability ratio, which is defined in Appendix D. A higher ratio supports more affordable housing opportunities. Based on the 2011-2015 U.S. Census Bureau ACS data, the state of Iowa maintains the most affordable housing options with a ratio of 0.41. The Des Moines MSA follows closely behind the state of Iowa with a ratio of 0.39. The assessment area (Madison County) maintains the least amount of affordable housing with a ratio of 0.37, supporting the community representative’s comments around the need for more affordable housing options.

Foreclosure rates within the assessment area do not indicate any economic concerns, as rates have generally remained low and under 1.0 percent since the previous evaluation. Foreclosure rates within the assessment area closely align with the state of Iowa. As of the most recent reporting date (September 2019), Madison County had a foreclosure rate of 0.9 percent, slightly above the state of Iowa’s rate at 0.6 percent.

The following table presents recent trends in housing cost and affordability within the assessment area, the Des Moines MSA, and the state of Iowa.

| Trends in Housing Costs | | | | | | | | |
|---|----------------------|------------|----------|-------------------|------------|----------|---------------------|------------|
| Area | Median Housing Value | | | Median Gross Rent | | | Affordability Ratio | |
| | 2006 - 2010 | 2011- 2015 | % Change | 2006- 2010 | 2011- 2015 | % Change | 2006- 2010 | 2011- 2015 |
| Madison County | 145,400 | 160,200 | 10.2 | 606 | 818 | 35.0 | 0.37 | 0.37 |
| Des Moines–West Des Moines, IA MSA #19780 | 151,057 | 158,092 | 4.7 | 706 | 796 | 12.7 | 0.38 | 0.39 |
| State of Iowa | 119,200 | 129,200 | 8.4 | 617 | 697 | 13.0 | 0.41 | 0.41 |

*Source: 2006-2010 – U.S. Census Bureau: American Community Survey
2011-2015 – U.S. Census Bureau: American Community Survey*

Employment Characteristics

The following table presents the unemployment trends for Madison County, the Des Moines MSA, and the state of Iowa from 2016 to 2019. Madison County generally experienced the highest unemployment rate during the time period at 3.6 percent in 2019. Unemployment rates in the Des Moines MSA and the state of Iowa were more aligned with both reported at 2.7 percent in 2019. According to a community representative, job opportunities are abundant throughout Madison

County, but companies often have difficulties filling open positions. The contact noted that the majority of businesses impacted by the COVID-19 pandemic were in the food service and hospitality industries (e.g., hotels and restaurants).

| Unemployment Rates | | | | |
|---|------|------|------|------|
| Area | 2016 | 2017 | 2018 | 2019 |
| Madison County | 3.6 | 3.6 | 3.2 | 3.6 |
| Des Moines-West Des Moines, IA MSA #19780 | 3.4 | 2.9 | 2.4 | 2.7 |
| State of Iowa | 3.7 | 3.1 | 2.5 | 2.7 |
| <i>Source: Bureau of Labor Statistics: Local Area Unemployment Statistics</i> | | | | |

Industry Characteristics

The information presented in the table below details the largest employers in the assessment area and their respective industries. The assessment area employers represent a number of industries, predominantly consisting of healthcare, education, and retail industries. A community representative stated that jobs in healthcare and education provide the main source of employment for the area. In addition, the contact noted that small manufacturing plants in the area have been essential in providing stable employment, although generally limited in the number of employees.

| Largest Employers in the Assessment Area | | |
|---|---------------------|------------------------------|
| Company | Number of Employees | Industry |
| Madison County Healthcare | 155 | Hospitals |
| Earlham Community School Supt | 110 | School Districts |
| Winterset Elementary School | 100 | Schools |
| Fareway | 99 | Grocers-Retail |
| Winterset Care Ctr North | 70 | Nursing & Convalescent Homes |
| Rose Acre Farms Inc | 70 | Chicken Eggs |
| AgriLand Farm Supply Inc | 70 | Farm Supplies - Wholesale |
| Winterset High School | 60 | Schools |
| Ted's Lare Design Build & Garden Center | 60 | Garden Centers |
| Interstate 35 Elementary School | 58 | Schools |
| <i>Source: Business information provided by Infogroup®, Omaha, NE</i> | | |

Community Representatives

One community representative was contacted to provide relevant economic, demographic, planning, and community credit need information within the assessment area. Overall, the representative indicated economic conditions in the assessment area have remained relatively stable, even throughout the recent pandemic. Local businesses and consumers were able to benefit from government assistance provided through Paycheck Protection Program (PPP) lending and

stimulus checks. The representative stressed the need for more affordable housing in the area so individuals at all income levels have the opportunity to purchase affordable homes. The representative believes financial institutions within the county are very involved; however, banks could further support the community by increasing affordable housing efforts.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN DES MOINES MSA

LENDING TEST

Geographic Distribution of Loans

The bank's geographic distribution of HMDA-reportable, small business, and small farm loans reflects an excellent dispersion throughout the assessment area. For context, the assessment area consists of one-moderate and two middle-income census tracts based on 2020 FFIEC census data.

An analysis of the geographic distribution was conducted to determine the dispersion of loans among the census tracts within the assessment area. In 2020, American State Bank originated loans in all three census tracts comprising the assessment area across all loan categories (i.e., HMDA-reportable, small business, and small farm). The assessment area does not include any low- or upper-income census tracts; thus, the analysis is based on the bank's record of lending in moderate- and middle-income census tracts. Based upon this analysis, it appears there are no conspicuous geographic lending gaps.

A breakdown of the bank's HMDA-reportable, small business, and small farm lending is discussed in more detail below.

HMDA-Reportable Loans

The geographic distribution of HMDA-reportable loans reflects excellent dispersion throughout the assessment area. Due to the overall low volume of originations, HMDA-reportable lending is discussed in aggregate and not broken out by individual products to ensure the analysis is more meaningful.

In 2020, American State Bank originated 47.1 percent (eight loans) of its HMDA-reportable loans in the moderate-income census tract. The bank's performance greatly exceeded the aggregate of lenders and the percentage of owner-occupied units within the tract at 26.5 percent and 25.1 percent, respectively. The remaining 52.9 percent (nine loans) of the bank's HMDA-reportable loans were made in middle-income census tracts, resulting in the bank performing well below the aggregate of lenders and the percentage of owner-occupied units within these tracts at 73.5 percent and 74.9 percent, respectively.

The table below presents the 2020 geographic distribution of HMDA-reportable loans originated in the assessment area. The 2019 geographic distribution table of HMDA-reportable loans can be found in Appendix C. Overall, the geographic distribution of HMDA-reportable lending in 2019 was generally consistent with the bank's performance in 2020 but reflected more lending activity with 28 total originations. Similar to 2020, the bank's 2019 HMDA-reportable lending in the moderate-income census tract greatly exceeded the aggregate of lenders and the percentage of owner-occupied units within the tract.

| Geographic Distribution of HMDA Reportable Loans | | | | | | | | |
|--|---------------------|-------------------------------------|--------------|--------------|--------------|--------------|---------------------------|----------------------------|
| Assessment Area: 2020 Des Moines-West Des Moines, IA MSA 19780 | | | | | | | | |
| Product Type | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | Owner Occupied % of Units | |
| | | Count | | Dollar | | | | |
| | | Bank | Agg | Bank | Agg | Agg | | |
| | | # | % | % | \$ (000s) | \$ % | \$ % | |
| Home Purchase | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 1 | 25.0 | 40.8 | 70 | 11.2 | 30.1 | 25.1 |
| | Middle | 3 | 75.0 | 59.2 | 557 | 88.8 | 69.9 | 74.9 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 4 | 100.0 | 100.0 | 627 | 100.0 | 100.0 |
| Refinance | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 5 | 71.4 | 18.2 | 452 | 59.9 | 12.2 | 25.1 |
| | Middle | 2 | 28.6 | 81.8 | 303 | 40.1 | 87.8 | 74.9 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| Total | | 7 | 100.0 | 100.0 | 755 | 100.0 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 2 | 33.3 | 15.8 | 56 | 53.8 | 7.9 | 25.1 |
| | Middle | 4 | 66.7 | 84.2 | 48 | 46.2 | 92.1 | 74.9 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| Total | | 6 | 100.0 | 100.0 | 104 | 100.0 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | Multi-Family 0.0 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 90.2 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 9.8 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| Other Purpose LOC | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 6.3 | 0 | 0.0 | 14.6 | 25.1 |
| | Middle | 0 | 0.0 | 93.8 | 0 | 0.0 | 85.4 | 74.9 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 100.0 |
| Other Purpose Closed/Exempt | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 33.3 | 0 | 0.0 | 52.0 | 25.1 |
| | Middle | 0 | 0.0 | 66.7 | 0 | 0.0 | 48.0 | 74.9 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 100.0 |
| Loan Purpose Not Applicable | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 38.9 | 0 | 0.0 | 40.7 | 25.1 |
| | Middle | 0 | 0.0 | 61.1 | 0 | 0.0 | 59.3 | 74.9 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 100.0 |
| HMDA Totals | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 8 | 47.1 | 26.5 | 578 | 38.9 | 18.9 | 25.1 |
| | Middle | 9 | 52.9 | 73.5 | 908 | 61.1 | 81.1 | 74.9 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| Total | | 17 | 100.0 | 100.0 | 1,486 | 100.0 | 100.0 | 100.0 |

Originations & Purchases
2016 FFIEC Census Data

Note: Percentages may not add to 100.0 percent due to rounding

Small Business Loans

The geographic distribution of small business loans reflects excellent dispersion throughout the assessment area. The 2020 sample includes 29 small business loans originated in the assessment area. The bank originated 58.6 percent (17 loans) within the moderate-income census tract, which is significantly above the percentage of total businesses located in the moderate-income census tract at 35.6 percent. Lastly, the bank originated 41.4 percent (12 loans) of its small business loans in middle-income tracts, which is significantly below the percentage of businesses located in these tracts at 64.4 percent.

The following table presents the bank’s geographic distribution of small business loans in 2020.

| Geographic Distribution of Small Business Loans | | | | | | |
|---|---------------------|-------------------------------|--------------|------------------|--------------|------------------|
| Assessment Area: 2020 Des Moines-West Des Moines, IA MSA 19780 | | | | | | |
| | Tract Income Levels | Bank & Demographic Comparison | | | | |
| | | Count Bank | | 2020 Dollar Bank | | Total Businesses |
| | | # | % | \$ 000s | \$ % | % |
| Small Business | Low | 0 | 0.0 | 0 | 0.0 | 0.0 |
| | Moderate | 17 | 58.6 | 1,038 | 69.7 | 35.6 |
| | Middle | 12 | 41.4 | 451 | 30.3 | 64.4 |
| | Upper | 0 | 0.0 | 0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0 | 0.0 | 0.0 |
| | Total | 29 | 100.0 | 1,490 | 100.0 | 100.0 |

2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

Small Farm Loans

The geographic distribution of small farm loans reflects excellent dispersion throughout the assessment area. The 2020 sample includes 12 small farm loans originated in the assessment area. The bank originated 33.3 percent (four loans) within the moderate-income census tract, which is significantly above the percentage of total farms located in the moderate-income census tract at 5.5 percent. The bank originated 66.7 percent (eight loans) of its small farm loans in middle-income census tracts, performing significantly below the percent of total farms located in these tracts at 94.5 percent.

The following table presents the bank’s geographic distribution of small farm loans in 2020.

| Geographic Distribution of Small Farm Loans | | | | | | |
|---|---------------------|-------------------------------|--------------|------------------|--------------|--------------|
| Assessment Area: 2020 Des Moines-West Des Moines, IA MSA 19780 | | | | | | |
| | Tract Income Levels | Bank & Demographic Comparison | | | | Total Farms |
| | | Count Bank | | 2020 Dollar Bank | | |
| | | # | % | \$ 000s | \$ % | |
| Small Farm | Low | 0 | 0.0 | 0 | 0.0 | 0.0 |
| | Moderate | 4 | 33.3 | 360 | 44.1 | 5.5 |
| | Middle | 8 | 66.7 | 457 | 55.9 | 94.5 |
| | Upper | 0 | 0.0 | 0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0 | 0.0 | 0.0 |
| | Total | 12 | 100.0 | 817 | 100.0 | 100.0 |

2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

Lending to Borrowers of Different Income Levels and to Businesses and Farms of Different Sizes

The bank’s borrower distribution reflects reasonable penetration among individuals of different income levels, and businesses and farms of different sizes. A breakdown of the bank’s HMDA-reportable, small business, and small farm loans is discussed in more detail below individually.

HMDA-Reportable Loans

The borrower distribution of HMDA-reportable loans reflects reasonable penetration among individuals of different income levels. Due to the overall low volume of originations, HMDA-reportable lending is discussed in aggregate and not broken out by individual products to ensure the analysis is more meaningful.

In 2020, American State Bank originated 17.6 percent (three loans) of its HMDA-reportable loans to low-income borrowers. The bank’s performance greatly exceeded the aggregate of lenders at 7.3 percent but was below the percentage of low-income families in the assessment area at 19.4 percent. The bank originated 11.8 percent (two loans) of its HMDA-reportable loans to moderate-income borrowers, performing below the aggregate of lenders and the percentage of moderate-income families at 16.2 percent and 19.3 percent, respectively. As it relates to middle-income borrowers, the bank made 35.3 percent (six loans) of its total HMDA-reportable loans to these borrowers, performing well above the aggregate of lenders and the percentage of middle-income families at 21.5 percent and 25.6 percent, respectively. Lastly, the bank originated 29.4 percent (five loans) of its total HMDA-reportable loans to upper-income borrowers, resulting in the bank performing below the aggregate of lenders and the percentage of upper-income families at 38.6 percent and 35.7 percent, respectively.

The table below presents the 2020 borrower distribution of HMDA-reportable loans originated in the assessment area. The 2019 borrower distribution table of HMDA-reportable loans can be found in Appendix C. Overall, the borrower distribution of HMDA-reportable lending in 2019 was generally consistent with the bank's performance in 2020 but reflected more lending activity with 28 total originations. Further, the bank's 2019 HMDA-reportable lending resulted in more loans to low- and moderate-income borrowers, demonstrating the bank's willingness to serve its community and individuals of all income levels.

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|---|------------------------|-------------------------------------|-----------|--------------|--------------|--------------|--------------|-----------------------------|
| Assessment Area: 2020 Des Moines-West Des Moines, IA MSA 19780 | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | | Families by Family Income % |
| | | 2020 | | | | | | |
| | | Count | | Dollar | Agg | | | |
| | | Bank | Agg | Bank | Agg | | | |
| | | # | % | \$(000s) | \$ % | \$ % | | |
| Home Purchase | Low | 1 | 25.0 | 12.9 | 70 | 11.2 | 7.4 | 19.4 |
| | Moderate | 1 | 25.0 | 20.0 | 250 | 39.9 | 15.9 | 19.3 |
| | Middle | 1 | 25.0 | 21.0 | 141 | 22.5 | 21.7 | 25.6 |
| | Upper | 1 | 25.0 | 32.9 | 166 | 26.5 | 42.7 | 35.7 |
| | Unknown | 0 | 0.0 | 13.2 | 0 | 0.0 | 12.3 | 0.0 |
| | Total | | 4 | 100.0 | 100.0 | 627 | 100.0 | 100.0 |
| Refinance | Low | 1 | 14.3 | 4.0 | 185 | 24.5 | 2.1 | 19.4 |
| | Moderate | 1 | 14.3 | 15.4 | 48 | 6.4 | 10.1 | 19.3 |
| | Middle | 3 | 42.9 | 22.2 | 266 | 35.2 | 18.5 | 25.6 |
| | Upper | 1 | 14.3 | 40.6 | 116 | 15.4 | 51.0 | 35.7 |
| | Unknown | 1 | 14.3 | 17.9 | 140 | 18.5 | 18.3 | 0.0 |
| | Total | | 7 | 100.0 | 100.0 | 755 | 100.0 | 100.0 |
| Home Improvement | Low | 1 | 16.7 | 5.3 | 6 | 5.8 | 1.4 | 19.4 |
| | Moderate | 0 | 0.0 | 2.6 | 0 | 0.0 | 1.3 | 19.3 |
| | Middle | 2 | 33.3 | 36.8 | 41 | 39.4 | 24.9 | 25.6 |
| | Upper | 3 | 50.0 | 55.3 | 57 | 54.8 | 72.5 | 35.7 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 6 | 100.0 | 100.0 | 104 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 19.4 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 19.3 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 25.6 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 35.7 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| Other Purpose LOC | Low | 0 | 0.0 | 6.3 | 0 | 0.0 | 2.2 | 19.4 |
| | Moderate | 0 | 0.0 | 12.5 | 0 | 0.0 | 21.2 | 19.3 |
| | Middle | 0 | 0.0 | 12.5 | 0 | 0.0 | 5.3 | 25.6 |
| | Upper | 0 | 0.0 | 68.8 | 0 | 0.0 | 71.3 | 35.7 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| Other Purpose Closed/Exempt | Low | 0 | 0.0 | 11.1 | 0 | 0.0 | 7.2 | 19.4 |
| | Moderate | 0 | 0.0 | 11.1 | 0 | 0.0 | 2.5 | 19.3 |
| | Middle | 0 | 0.0 | 5.6 | 0 | 0.0 | 7.4 | 25.6 |
| | Upper | 0 | 0.0 | 72.2 | 0 | 0.0 | 82.8 | 35.7 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| Loan Purpose Not Applicable | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 19.4 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 19.3 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 25.6 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 35.7 |
| | Unknown | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| HMDA Totals | Low | 3 | 17.6 | 7.3 | 261 | 17.6 | 4.0 | 19.4 |
| | Moderate | 2 | 11.8 | 16.2 | 298 | 20.1 | 12.0 | 19.3 |
| | Middle | 6 | 35.3 | 21.5 | 448 | 30.1 | 19.4 | 25.6 |
| | Upper | 5 | 29.4 | 38.6 | 339 | 22.8 | 48.2 | 35.7 |
| | Unknown | 1 | 5.9 | 16.4 | 140 | 9.4 | 16.5 | 0.0 |
| | Total | | 17 | 100.0 | 100.0 | 1,486 | 100.0 | 100.0 |

Originations & Purchases

2016 FFIEC Census Data

Note: Percentages may not add to 100.0 percent due to rounding

Small Business Loans

The distribution of loans to businesses of different sizes is reasonable.

In 2020, the sample includes 29 small business loans, of which 11 loans (37.9 percent) were to businesses with annual revenues of \$1 million or less. Two small business loans (6.9 percent) were made to businesses with over \$1 million in annual revenues. The remaining 16 small business loans (55.2 percent) were made to businesses where annual revenues are unknown. This is largely due to the bank’s participation in the Paycheck Protection Program (PPP) as a result of the COVID-19 pandemic, where revenue information was not required to be collected by financial institutions. For reference, 93.1 percent of total businesses within the assessment area reported annual revenues of \$1 million or less, while only 5.5 percent reported annual revenues over \$1 million, and 1.5 percent had unknown revenues.

Overall, the bank’s small business lending demonstrates its willingness to meet credit needs of local businesses, particularly supported by participation in PPP lending, and the significant number of small dollar loans made (i.e., \$100,000 or less) at 89.7 percent, which are considered most beneficial to local and small businesses. Further, PPP loans are incredibly beneficial to the community as they are exclusively for payroll or income replacement. This is deemed as a positive impact on the surrounding community as it helps replenish the income loss due to the pandemic.

The following table presents the bank’s borrower distribution of small business loans in 2020.

| Small Business Lending By Revenue & Loan Size | | | | | | | |
|--|----------------------------------|-------------------------------|--------------|----------------|--------------|--------------------------|--------------|
| Assessment Area: 2020 Des Moines-West Des Moines, IA MSA 19780 | | | | | | | |
| Product Type | | Bank & Demographic Comparison | | | | | |
| | | 2020 | | 2020 | | Total Businesses % | |
| Revenue | Loan Size | Count Bank | | Dollar Bank | | | |
| | | # | % | \$ 000s | % | | |
| Small Business | Revenue | \$1 Million or Less | 11 | 37.9 | 882 | 59.2 | 93.1 |
| | | Over \$1 Million | 2 | 6.9 | 135 | 9.1 | 5.5 |
| | | Unknown | 16 | 55.2 | 473 | 31.7 | 1.5 |
| | | Total | 29 | 100.0 | 1,490 | 100.0 | 100.0 |
| | Loan Size | \$100,000 or Less | 26 | 89.7 | 864 | 58.0 | |
| | | \$100,001 - \$250,000 | 2 | 6.9 | 350 | 23.5 | |
| | | \$250,001 - \$1 Million | 1 | 3.4 | 275 | 18.5 | |
| | | Total | 29 | 100.0 | 1,489 | 100.0 | |
| | Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 8 | 72.7 | 257 | 29.1 | |
| | | \$100,001 - \$250,000 | 2 | 18.2 | 350 | 39.7 | |
| \$250,001 - \$1 Million | | 1 | 9.1 | 275 | 31.2 | | |
| Total | | 11 | 100.0 | 882 | 100.0 | | |
| Originations & Purchases | | | | | | | |
| 2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | |

Small Farm Loans

The distribution of small farm loans reflects reasonable penetration among farms of different revenue sizes. The 2020 sample includes 12 small farm loans, of which 100.0 percent were made to farms with gross revenues equal to or less than \$1 million. This is directly aligned with the percent of small farms in the assessment area at 100.0 percent. 75.0 percent of the bank’s total small farm loans were in amounts of \$100,000 or less, which are considered the most beneficial to small farms, indicating the bank’s willingness to meet the credit needs of small farms.

The following table presents the bank’s borrower distribution of small farm loans in 2020.

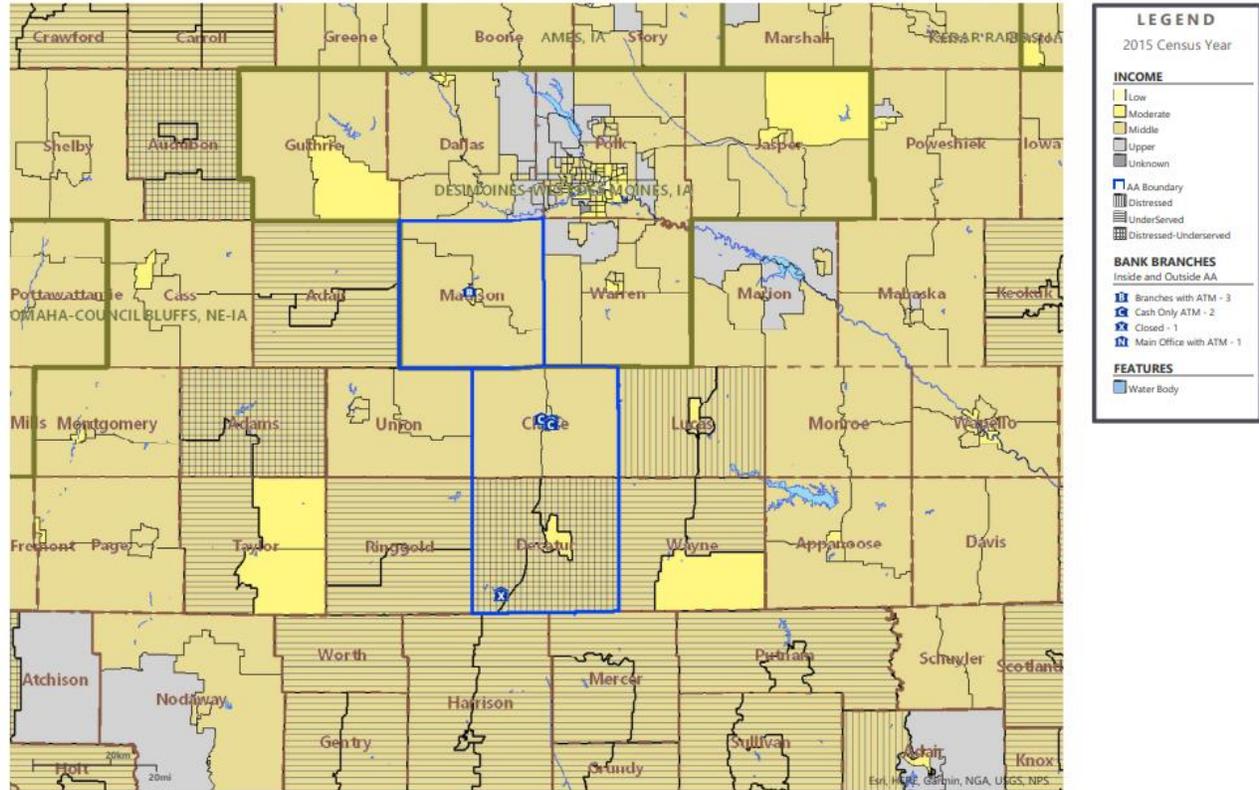
| Small Farm Lending By Revenue & Loan Size | | | | | | | |
|--|----------------------------------|-------------------------------|-----------|--------------|------------|--------------|--------------|
| Assessment Area: 2020 Des Moines-West Des Moines, IA MSA 19780 | | | | | | | |
| Product Type | | Bank & Demographic Comparison | | | | Total Farms | |
| | | 2020 | | 2020 | | | |
| | | Count Bank | | Dollar Bank | | | |
| | | # | % | \$ 000s | \$ % | % | |
| Small Farm | Revenue | \$1 Million or Less | 12 | 100.0 | 817 | 100.0 | 100.0 |
| | | Over \$1 Million | 0 | 0.0 | 0 | 0.0 | 0.0 |
| | | Unknown | 0 | 0.0 | 0 | 0.0 | 0.0 |
| | | Total | 12 | 100.0 | 817 | 100.0 | 100.0 |
| | Loan Size | \$100,000 or Less | 9 | 75.0 | 305 | 37.3 | |
| | | \$100,001 - \$250,000 | 2 | 16.7 | 224 | 27.4 | |
| | | \$250,001 - \$500,000 | 1 | 8.3 | 288 | 35.3 | |
| | | Total | 12 | 100.0 | 817 | 100.0 | |
| | Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 9 | 75.0 | 305 | 37.3 | |
| | | \$100,001 - \$250,000 | 2 | 16.7 | 224 | 27.4 | |
| | | \$250,001 - \$500,000 | 1 | 8.3 | 288 | 35.3 | |
| | | Total | 12 | 100.0 | 817 | 100.0 | |

Originations & Purchases
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

APPENDIX A – Map of Assessment Area

Figure 1: Map of the Combined Assessment Area

American State Bank 276645
Combined Assessment Area



APPENDIX B – Scope of Examination

| SCOPE OF EXAMINATION | | | |
|---|---|-------------------------|---|
| TIME PERIOD REVIEWED | HMDA-Reportable Lending from January 1, 2019- December 31, 2020 Small Business Lending from January 1, 2020 – December 31, 2020 Small Farm Lending from January 1, 2020 – December 31, 2020 | | |
| FINANCIAL INSTITUTION American State Bank | | | PRODUCTS REVIEWED HMDA-Reportable Loans Sample of Small Business Loans Sample of Small Farm Loans |
| AFFILIATE(S) | AFFILIATE RELATIONSHIP | | PRODUCTS REVIEWED |
| None | N/A | | N/A |
| LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION | | | |
| ASSESSMENT AREA | TYPE OF EXAMINATION | BRANCHES VISITED | OTHER INFORMATION |
| Des Moines-West Des Moines IA MSA #19780 (Madison County) | Full Review | N/A | N/A |
| Non-MSA Iowa (Clarke and Decatur Counties) | Full Review | N/A | N/A |

APPENDIX C – 2019 Assessment Area Demographics and Lending Tables

Non-MSA Iowa 2019 Demographics Table

| Assessment Area: 2019 IA Non MSA | | | | | | | | | |
|--|--|---|--------------------------|-------------------------|--|-----------------------------|---------------------------|--------------|---|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | | |
| | # | % | # | % | # | % | # | % | |
| Low-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 1,059 | 24.0 | |
| Moderate-income | 1 | 16.7 | 576 | 13.1 | 105 | 18.2 | 931 | 21.1 | |
| Middle-income | 5 | 83.3 | 3,831 | 86.9 | 491 | 12.8 | 886 | 20.1 | |
| Upper-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 1,531 | 34.7 | |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 6 | 100.0 | 4,407 | 100.0 | 596 | 13.5 | 4,407 | 100.0 | |
| | Housing Units by Tract | Housing Types by Tract | | | | | | | |
| | | Owner-Occupied | | Rental | | Vacant | | | |
| | | # | % | % | # | % | # | % | |
| Low-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Moderate-income | 1,014 | 449 | 9.5 | 44.3 | 379 | 37.4 | 186 | 18.3 | |
| Middle-income | 6,959 | 4,271 | 90.5 | 61.4 | 1,789 | 25.7 | 899 | 12.9 | |
| Upper-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Unknown-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 7,973 | 4,720 | 100.0 | 59.2 | 2,168 | 27.2 | 1,085 | 13.6 | |
| | Total Businesses by Tract | Businesses by Tract & Revenue Size | | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | | |
| | | # | % | # | % | # | % | # | % |
| Low-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Moderate-income | 127 | 16.7 | 113 | 16.5 | 10 | 18.5 | 4 | 18.2 | |
| Middle-income | 634 | 83.3 | 572 | 83.5 | 44 | 81.5 | 18 | 81.8 | |
| Upper-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 761 | 100.0 | 685 | 100.0 | 54 | 100.0 | 22 | 100.0 | |
| | Percentage of Total Businesses: | | | 90.0 | | 7.1 | | 2.9 | |
| | Total Farms by Tract | Farms by Tract & Revenue Size | | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | | |
| | | # | % | # | % | # | % | # | % |
| Low-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Moderate-income | 13 | 5.8 | 13 | 5.8 | 0 | 0.0 | 0 | 0.0 | |
| Middle-income | 213 | 94.2 | 210 | 94.2 | 1 | 100.0 | 2 | 100.0 | |
| Upper-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 226 | 100.0 | 223 | 100.0 | 1 | 100.0 | 2 | 100.0 | |
| | Percentage of Total Farms: | | | 98.7 | | 0.4 | | 0.9 | |
| 2019 FFIEC Census Data & 2019 Dun & Bradstreet information according to 2015 ACS | | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | | |

Des Moines MSA 2019 Demographics Table

| Assessment Area: 2019 Des Moines-West Des Moines, IA MSA 19780 | | | | | | | | |
|--|---------------------------------|------------------------------------|--------------------------|------------------|--|----------------------|---------------------------|--------------|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | |
| | # | % | # | % | # | % | # | % |
| Low-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 819 | 19.4 |
| Moderate-income | 1 | 33.3 | 1,275 | 30.2 | 44 | 3.5 | 813 | 19.3 |
| Middle-income | 2 | 66.7 | 2,940 | 69.8 | 125 | 4.3 | 1,077 | 25.6 |
| Upper-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 1,506 | 35.7 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 3 | 100.0 | 4,215 | 100.0 | 169 | 4.0 | 4,215 | 100.0 |
| | Housing Units by Tract | Housing Types by Tract | | | | | | |
| | | Owner-Occupied | | Rental | | Vacant | | |
| | | # | % | % | # | % | # | % |
| Low-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate-income | 2,257 | 1,169 | 25.1 | 51.8 | 998 | 44.2 | 90 | 4.0 |
| Middle-income | 4,410 | 3,491 | 74.9 | 79.2 | 567 | 12.9 | 352 | 8.0 |
| Upper-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Unknown-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 6,667 | 4,660 | 100.0 | 69.9 | 1,565 | 23.5 | 442 | 6.6 |
| | Total Businesses by Tract | Businesses by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | |
| Low-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate-income | 311 | 36.7 | 285 | 36.2 | 24 | 50.0 | 2 | 15.4 |
| Middle-income | 537 | 63.3 | 502 | 63.8 | 24 | 50.0 | 11 | 84.6 |
| Upper-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 848 | 100.0 | 787 | 100.0 | 48 | 100.0 | 13 | 100.0 |
| | Percentage of Total Businesses: | | | 92.8 | | 5.7 | | 1.5 |
| | Total Farms by Tract | Farms by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | |
| Low-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate-income | 8 | 5.3 | 8 | 5.3 | 0 | 0.0 | 0 | 0.0 |
| Middle-income | 143 | 94.7 | 143 | 94.7 | 0 | 0.0 | 0 | 0.0 |
| Upper-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 151 | 100.0 | 151 | 100.0 | 0 | 0.0 | 0 | 0.0 |
| | Percentage of Total Farms: | | | 100.0 | | 0.0 | | 0.0 |

2019 FFIEC Census Data & 2019 Dun & Bradstreet information according to 2015 ACS

Note: Percentages may not add to 100.0 percent due to rounding

Non-MSA Iowa 2019 HMDA Lending Tables

| Geographic Distribution of HMDA Reportable Loans | | | | | | | |
|--|---------------------|-------------------------------------|-----------|--------------|--------------|--------------|---------------------------|
| Assessment Area: 2019 IA Non MSA | | | | | | | |
| Product Type | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | Owner Occupied % of Units |
| | | 2019 | | 2019 | | | |
| | | Count Bank | Agg | Dollar Bank | Agg | | |
| | | # | % | \$ (000s) | \$ % | \$ % | |
| Home Purchase | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Moderate | 2 | 18.2 | 6.3 | 198 | 27.9 | 9.5 |
| | Middle | 9 | 81.8 | 93.7 | 512 | 72.1 | 90.5 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Total | | 11 | 100.0 | 100.0 | 710 | 100.0 |
| Refinance | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 5.5 | 0 | 0.0 | 3.7 |
| | Middle | 8 | 100.0 | 94.5 | 401 | 100.0 | 96.3 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Total | | 8 | 100.0 | 100.0 | 401 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 7.4 | 0 | 0.0 | 10.4 |
| | Middle | 3 | 100.0 | 92.6 | 56 | 100.0 | 89.6 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Total | | 3 | 100.0 | 100.0 | 56 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 40.0 | 0 | 0.0 | 10.9 |
| | Middle | 0 | 0.0 | 60.0 | 0 | 0.0 | 89.1 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 |
| Other Purpose LOC | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 12.5 | 0 | 0.0 | 11.8 |
| | Middle | 0 | 0.0 | 87.5 | 0 | 0.0 | 88.2 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 |
| Other Purpose Closed/Exempt | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 25.0 | 0 | 0.0 | 13.4 |
| | Middle | 0 | 0.0 | 75.0 | 0 | 0.0 | 86.6 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 |
| Loan Purpose Not Applicable | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 33.3 | 0 | 0.0 | 31.8 |
| | Middle | 0 | 0.0 | 66.7 | 0 | 0.0 | 68.2 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 |
| HMDA Totals | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Moderate | 2 | 9.1 | 7.4 | 198 | 17.0 | 5.9 |
| | Middle | 20 | 90.9 | 92.6 | 969 | 83.0 | 94.1 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Total | | 22 | 100.0 | 100.0 | 1,167 | 100.0 |

Originations & Purchases
2016 FFIEC Census Data

Note: Percentages may not add to 100.0 percent due to rounding

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|---|------------------------|-------------------------------------|-----------|--------------|--------------|--------------|--------------|-----------------------------|
| Assessment Area: 2019 IA Non MSA | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | | Families by Family Income % |
| | | 2019 | | | 2019 | | | |
| | | Count Bank | | Agg | Dollar Bank | | Agg | |
| | | # | % | % | \$(000s) | \$ % | \$ % | |
| Home Purchase | Low | 3 | 27.3 | 15.2 | 216 | 30.4 | 8.2 | 24.0 |
| | Moderate | 2 | 18.2 | 26.7 | 48 | 6.8 | 20.5 | 21.1 |
| | Middle | 5 | 45.5 | 24.1 | 315 | 44.4 | 24.5 | 20.1 |
| | Upper | 1 | 9.1 | 21.5 | 131 | 18.5 | 31.9 | 34.7 |
| | Unknown | 0 | 0.0 | 12.6 | 0 | 0.0 | 14.9 | 0.0 |
| | Total | | 11 | 100.0 | 100.0 | 710 | 100.0 | 100.0 |
| Refinance | Low | 0 | 0.0 | 8.3 | 0 | 0.0 | 3.4 | 24.0 |
| | Moderate | 3 | 37.5 | 17.4 | 123 | 30.7 | 11.3 | 21.1 |
| | Middle | 3 | 37.5 | 28.4 | 103 | 25.7 | 27.8 | 20.1 |
| | Upper | 1 | 12.5 | 32.1 | 160 | 39.9 | 39.4 | 34.7 |
| | Unknown | 1 | 12.5 | 13.8 | 15 | 3.7 | 18.0 | 0.0 |
| | Total | | 8 | 100.0 | 100.0 | 401 | 100.0 | 100.0 |
| Home Improvement | Low | 1 | 33.3 | 14.8 | 8 | 14.3 | 8.4 | 24.0 |
| | Moderate | 0 | 0.0 | 11.1 | 0 | 0.0 | 8.8 | 21.1 |
| | Middle | 2 | 66.7 | 22.2 | 48 | 85.7 | 20.2 | 20.1 |
| | Upper | 0 | 0.0 | 48.1 | 0 | 0.0 | 59.5 | 34.7 |
| | Unknown | 0 | 0.0 | 3.7 | 0 | 0.0 | 3.0 | 0.0 |
| | Total | | 3 | 100.0 | 100.0 | 56 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 20.0 | 0 | 0.0 | 7.6 | 24.0 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 21.1 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 20.1 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 34.7 |
| | Unknown | 0 | 0.0 | 80.0 | 0 | 0.0 | 92.4 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| Other Purpose LOC | Low | 0 | 0.0 | 12.5 | 0 | 0.0 | 7.1 | 24.0 |
| | Moderate | 0 | 0.0 | 25.0 | 0 | 0.0 | 21.2 | 21.1 |
| | Middle | 0 | 0.0 | 25.0 | 0 | 0.0 | 29.7 | 20.1 |
| | Upper | 0 | 0.0 | 37.5 | 0 | 0.0 | 42.0 | 34.7 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| Other Purpose Closed/Exempt | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 24.0 |
| | Moderate | 0 | 0.0 | 25.0 | 0 | 0.0 | 17.3 | 21.1 |
| | Middle | 0 | 0.0 | 37.5 | 0 | 0.0 | 57.3 | 20.1 |
| | Upper | 0 | 0.0 | 25.0 | 0 | 0.0 | 22.7 | 34.7 |
| | Unknown | 0 | 0.0 | 12.5 | 0 | 0.0 | 2.8 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| Loan Purpose Not Applicable | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 24.0 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 21.1 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 20.1 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 34.7 |
| | Unknown | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| HMDA Totals | Low | 4 | 18.2 | 12.5 | 224 | 19.2 | 6.5 | 24.0 |
| | Moderate | 5 | 22.7 | 21.9 | 171 | 14.7 | 14.8 | 21.1 |
| | Middle | 10 | 45.5 | 25.1 | 466 | 39.9 | 22.9 | 20.1 |
| | Upper | 2 | 9.1 | 26.8 | 291 | 24.9 | 30.4 | 34.7 |
| | Unknown | 1 | 4.5 | 13.7 | 15 | 1.3 | 25.3 | 0.0 |
| | Total | | 22 | 100.0 | 100.0 | 1,167 | 100.0 | 100.0 |
| Originations & Purchases 2016 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

Des Moines MSA 2019 HMDA Lending Tables

| Geographic Distribution of HMDA Reportable Loans | | | | | | | |
|--|---------------------|-------------------------------------|-----------|--------------|--------------|--------------|---------------------------|
| Assessment Area: 2019 Des Moines-West Des Moines, IA MSA 19780 | | | | | | | |
| Product Type | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | Owner Occupied % of Units |
| | | Count | | Agg | Dollar | | |
| | | Bank | % | % | Bank | Agg | |
| | | # | | | \$ (000s) | \$ % | \$ % |
| Home Purchase | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Moderate | 8 | 80.0 | 34.7 | 865 | 73.9 | 23.9 |
| | Middle | 2 | 20.0 | 65.3 | 305 | 26.1 | 74.9 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Total | | 10 | 100.0 | 100.0 | 1,170 | 100.0 |
| Refinance | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Moderate | 12 | 92.3 | 24.6 | 991 | 85.2 | 13.2 |
| | Middle | 1 | 7.7 | 75.1 | 172 | 14.8 | 86.6 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0.3 | 0 | 0.0 | 0.2 |
| | Total | | 13 | 100.0 | 100.0 | 1,163 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Moderate | 3 | 75.0 | 31.0 | 47 | 39.5 | 21.3 |
| | Middle | 1 | 25.0 | 69.0 | 72 | 60.5 | 78.7 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Total | | 4 | 100.0 | 100.0 | 119 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Moderate | 1 | 100.0 | 85.7 | 117 | 100.0 | 76.1 |
| | Middle | 0 | 0.0 | 14.3 | 0 | 0.0 | 23.9 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Total | | 1 | 100.0 | 100.0 | 117 | 100.0 |
| Other Purpose LOC | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 18.2 | 0 | 0.0 | 10.7 |
| | Middle | 0 | 0.0 | 81.8 | 0 | 0.0 | 89.3 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 |
| Other Purpose Closed/Exempt | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 27.3 | 0 | 0.0 | 22.0 |
| | Middle | 0 | 0.0 | 72.7 | 0 | 0.0 | 78.0 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 |
| Loan Purpose Not Applicable | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 42.9 | 0 | 0.0 | 40.1 |
| | Middle | 0 | 0.0 | 57.1 | 0 | 0.0 | 59.9 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 |
| HMDA Totals | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Moderate | 24 | 85.7 | 30.2 | 2,020 | 78.6 | 19.1 |
| | Middle | 4 | 14.3 | 69.7 | 549 | 21.4 | 80.8 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0.1 | 0 | 0.0 | 0.1 |
| | Total | | 28 | 100.0 | 100.0 | 2,569 | 100.0 |

Originations & Purchases
2016 FFIEC Census Data

Note: Percentages may not add to 100.0 percent due to rounding

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|---|------------------------|-------------------------------------|-----------|--------------|--------------|--------------|--------------|-----------------------------|
| Assessment Area: 2019 Des Moines-West Des Moines, IA MSA 19780 | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | | Families by Family Income % |
| | | 2019 | | | Dollar | | | |
| | | Count Bank | | Agg | Bank | | Agg | |
| | | # | % | % | \$(000s) | \$ % | \$ % | |
| Home Purchase | Low | 5 | 50.0 | 11.7 | 639 | 54.6 | 6.5 | 19.4 |
| | Moderate | 1 | 10.0 | 21.1 | 104 | 8.9 | 14.9 | 19.3 |
| | Middle | 1 | 10.0 | 24.5 | 201 | 17.2 | 23.7 | 25.6 |
| | Upper | 1 | 10.0 | 29.1 | 70 | 6.0 | 40.8 | 35.7 |
| | Unknown | 2 | 20.0 | 13.6 | 156 | 13.3 | 14.0 | 0.0 |
| | Total | | 10 | 100.0 | 100.0 | 1,170 | 100.0 | 100.0 |
| Refinance | Low | 1 | 7.7 | 6.9 | 32 | 2.8 | 3.3 | 19.4 |
| | Moderate | 4 | 30.8 | 14.9 | 420 | 36.1 | 9.0 | 19.3 |
| | Middle | 3 | 23.1 | 18.6 | 66 | 5.7 | 13.0 | 25.6 |
| | Upper | 5 | 38.5 | 44.0 | 645 | 55.5 | 58.0 | 35.7 |
| | Unknown | 0 | 0.0 | 15.7 | 0 | 0.0 | 16.7 | 0.0 |
| | Total | | 13 | 100.0 | 100.0 | 1,163 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 2.4 | 0 | 0.0 | 0.3 | 19.4 |
| | Moderate | 1 | 25.0 | 11.9 | 11 | 9.2 | 6.3 | 19.3 |
| | Middle | 2 | 50.0 | 26.2 | 36 | 30.3 | 19.7 | 25.6 |
| | Upper | 1 | 25.0 | 52.4 | 72 | 60.5 | 59.1 | 35.7 |
| | Unknown | 0 | 0.0 | 7.1 | 0 | 0.0 | 14.6 | 0.0 |
| | Total | | 4 | 100.0 | 100.0 | 119 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 19.4 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 19.3 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 25.6 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 35.7 |
| | Unknown | 1 | 100.0 | 100.0 | 117 | 100.0 | 100.0 | 0.0 |
| | Total | | 1 | 100.0 | 100.0 | 117 | 100.0 | 100.0 |
| Other Purpose LOC | Low | 0 | 0.0 | 9.1 | 0 | 0.0 | 4.7 | 19.4 |
| | Moderate | 0 | 0.0 | 18.2 | 0 | 0.0 | 17.8 | 19.3 |
| | Middle | 0 | 0.0 | 18.2 | 0 | 0.0 | 31.5 | 25.6 |
| | Upper | 0 | 0.0 | 54.5 | 0 | 0.0 | 46.0 | 35.7 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| Other Purpose Closed/Exempt | Low | 0 | 0.0 | 4.5 | 0 | 0.0 | 1.8 | 19.4 |
| | Moderate | 0 | 0.0 | 18.2 | 0 | 0.0 | 6.6 | 19.3 |
| | Middle | 0 | 0.0 | 22.7 | 0 | 0.0 | 24.4 | 25.6 |
| | Upper | 0 | 0.0 | 45.5 | 0 | 0.0 | 65.3 | 35.7 |
| | Unknown | 0 | 0.0 | 9.1 | 0 | 0.0 | 1.9 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| Loan Purpose Not Applicable | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 19.4 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 19.3 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 25.6 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 35.7 |
| | Unknown | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| HMDA Totals | Low | 6 | 21.4 | 8.7 | 671 | 26.1 | 4.7 | 19.4 |
| | Moderate | 6 | 21.4 | 17.4 | 535 | 20.8 | 11.7 | 19.3 |
| | Middle | 6 | 21.4 | 21.5 | 303 | 11.8 | 18.2 | 25.6 |
| | Upper | 7 | 25.0 | 37.0 | 787 | 30.6 | 49.2 | 35.7 |
| | Unknown | 3 | 10.7 | 15.4 | 273 | 10.6 | 16.1 | 0.0 |
| | Total | | 28 | 100.0 | 100.0 | 2,569 | 100.0 | 100.0 |

Originations & Purchases
2016 FFIEC Census Data
Note: Percentages may not add to 100.0 percent due to rounding

APPENDIX D – Glossary

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Affordability ratio: To determine housing affordability, the affordability ratio is calculated by dividing median household income by median housing value. This ratio allows the comparison of housing affordability across assessment areas and/or communities. An area with a high ratio generally has more affordable housing than an area with a low ratio.

Aggregate lending: The number of loans originated and purchased by all lenders subject to reporting requirements as a percentage of the aggregate number of loans originated and purchased by all lenders in the MSA/assessment area.

American Community Survey Data (ACS): The American Community Survey (ACS) data is based on a nationwide survey designed to provide local communities with reliable and timely demographic, social, economic, and housing data each year. The Census Bureau first released data for geographies of all sizes in 2010. This data is known as the “five-year estimate data.” The five-year estimate data is used by the FFIEC as the base file for data used in conjunction with consumer compliance and CRA examinations.¹

Area Median Income (AMI): AMI means –

1. The median family income for the MSA, if a person or geography is located in an MSA, or for the metropolitan division, if a person or geography is located in an MSA that has been subdivided into metropolitan divisions; or
2. The statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment area: Assessment area means a geographic area delineated in accordance with section 228.41

Automated teller machine (ATM): An automated teller machine means an automated, unstaffed banking facility owned or operated by, or operated exclusively for, the bank at which deposits are received, cash dispersed or money lent.

Bank: Bank means a state member as that term is defined in section 3(d)(2) of the Federal Deposit Insurance Act (12 USC 1813(d)(2)), except as provided in section 228.11(c)(3), and includes an

¹ Source: FFIEC press release dated October 19, 2011.

uninsured state branch (other than a limited branch) of a foreign bank described in section 228.11(c)(2).

Branch: Branch refers to a staffed banking facility approved as a branch, whether shared or unshared, including, for example, a mini-branch in a grocery store or a branch operated in conjunction with any other local business or nonprofit organization.

Census tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Combined Statistical Area (CSAs): Adjacent metropolitan statistical areas/metropolitan divisions (MSA/MDs) and micropolitan statistical areas may be combined into larger Combined Statistical Areas based on social and economic ties as well as commuting patterns. The ties used as the basis for CSAs are not as strong as the ties used to support MSA/MD and micropolitan statistical area designations; however, they do bind the larger area together and may be particularly useful for regional planning authorities and the private sector. Under Regulation BB, assessment areas may be presented under a Combined Statistical Area heading; however, all analysis is conducted on the basis of median income figures for MSA/MDs and the applicable state-wide non metropolitan median income figure.

Community Development: The financial supervisory agencies have adopted the following definition for community development:

1. Affordable housing, including for multi-family housing, for low- and moderate-income households;
2. Community services tailored to meet the needs of low- and moderate-income individuals;
3. Activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or
4. Activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definitions of community development. Activities that revitalize or stabilize:

- 1) Low- or moderate-income geographies;
- 2) Designated disaster areas; or
- 3) Distressed or underserved nonmetropolitan middle-income geographies

designated by the Board, Federal Deposit Insurance Corporation and Office of the Comptroller of the Currency based on:

- a. Rates of poverty, unemployment or population loss; or
- b. Population size, density and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density and dispersion if they help to meet essential community services including the needs of low- and moderate-income individuals.

Community Development Loan: A community development loan means a loan that:

- 1) Has as its primary purpose community development; and
- 2) Except in the case of a wholesale or limited purpose bank –
 - a. Has not been reported or collected by the bank or an affiliate for consideration in the bank’s assessment as a home mortgage, small business, small farm, or consumer loan, unless it is a multi-family housing loan (as described in the regulation implementing the Home Mortgage Disclosure Act); and
 - b. Benefits the bank’s assessment area(s) or a broader statewide or regional area that includes the bank’s assessment area(s).

Community Development Service: A community development service means a service that:

- 1) Has as its primary purpose community development; and
- 2) Is related to the provision of financial services.

Consumer loan: A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories of loans: motor vehicle, credit card, other consumer secured loan, including a home improvement loan not secured by a dwelling, and other consumer unsecured loan, including a loan for home improvement not secured.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married couple family or other family, which is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

Fair market rent: Fair market rents (FMRs) are gross rent estimates. They include the shelter rent plus the cost of all tenant-paid utilities, except telephones, cable or satellite television service, and internet service. HUD sets FMRs to assure that a sufficient supply of rental housing is available to their program participants. To accomplish this objective, FMRs must be both high enough to

permit a selection of units and neighborhoods and low enough to serve as many low-income families as possible. The level at which FMRs are set is expressed as a percentile point within the rent distribution of standard-quality rental housing units. The current definition used is the 40th percentile rent, the dollar amount below which 40 percent of the standard-quality rental housing units are rented. The 40th percentile rent is drawn from the distribution of rents of all units occupied by recent movers (renter households who moved to their present residence within the past 15 months). HUD is required to ensure that FMRs exclude non-market rental housing in their computation. Therefore, HUD excludes all units falling below a specified rent level determined from public housing rents in HUD's program databases as likely to be either assisted housing or otherwise at a below-market rent, and units less than two years old.

Full review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and amount of qualified investments) and qualitative factors (for example, innovativeness, complexity and responsiveness).

Geography: A census tract delineated by the U.S. Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act: The statute that requires certain mortgage lenders that do business or have banking offices in metropolitan statistical areas to file annual summary reports of their mortgage lending activity. The reports include data such as the race, gender and income of the applicant(s) and the disposition of the application(s) (for example, approved, denied, and withdrawn).

Home mortgage loans: Are defined in conformance with the definitions of home mortgage activity under the Home Mortgage Disclosure Act and include closed end mortgage loans secured by a dwelling and open-end lines of credit secured by a dwelling. This includes loans for home purchase, refinancing and loans for multi-family housing. It does not include loans for home improvement purposes that are not secured by a dwelling.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Income Level: Income level means:

- 1) Low-income – an individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a census tract;
- 2) Moderate-income – an individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent in the case of a census tract;

- 3) Middle-income – an individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent in the case of a census tract; and
- 4) Upper-income – an individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent in the case of a census tract.

Additional Guidance: .12(m) Income Level: The median family income levels (MFI) for census tracts are calculated using the income data from the United States Census Bureau's American Community Survey and geographic definitions from the Office of Management and Budget (OMB) and are updated approximately every five years (.12(m) Income Level).

Limited-purpose bank: This term refers to a bank that offers only a narrow product line such as credit card or motor vehicle loans to a regional or broader market and for which a designation as a limited-purpose bank is in effect, in accordance with section 228.25(b).

Limited review: Performance under the Lending, Investment and Services test is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, amount of investments and branch office distribution).

Loan location: Under this definition, a loan is located as follows:

- 1) Consumer loan is located in the census tract where the borrower resides;
- 2) Home mortgage loan is located in the census tract where the property to which the loan relates is located;
- 3) Small business and small farm loan is located in the census tract where the main business facility or farm is located or where the loan proceeds have been applied as indicated by the borrower.

Loan product office: This term refers to a staffed facility, other than a branch, that is open to the public and that provides lending-related services, such as loan information and applications.

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development (HUD) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area: A metropolitan statistical area (MSA) or a metropolitan division (MD) as

defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a single core population of at least 2.5 million may be divided into MDs. A metropolitan statistical area that crosses into two or more bordering states is called a multistate metropolitan statistical area.

Multifamily: Refers to a residential structure that contains five or more units.

Nonmetropolitan area: This term refers to any area that is not located in a metropolitan statistical area or metropolitan division. Micropolitan statistical areas are included in the definition of a nonmetropolitan area; a micropolitan statistical area has an urban core population of at least 10,000 but less than 50,000.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: This term refers to any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: This term refers to a state or multistate metropolitan area. For institutions with domestic branch offices in one state only, the institution's CRA rating is the state's rating. If the institution maintains domestic branch offices in more than one state, the institution will receive a rating for each state in which those branch offices are located. If the institution maintains domestic branch offices in at least two states in a multistate metropolitan statistical area, the institution will receive a rating for the multistate metropolitan area.

Small Bank: This term refers to a bank that as of December 31 of either of the prior two calendar years, had assets of less than \$1.252 billion. Intermediate small bank means a small bank with assets of at least \$313 million as of December 31 of both of the prior two calendar years and less than \$1.252 billion as of December 31 of either of the prior two calendar years.

Annual Adjustment: The dollar figures in paragraph (u)(1) of this section shall be adjusted annually and published by the Board, based on the year-to-year change in the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers, not seasonally adjusted, for each 12-month period ending in November, with rounding to the nearest million.

Small Business Loan: This term refers to a loan that is included in "loans to small businesses" as defined in the instructions for preparation of the Consolidated Report of Condition and Income. The loans have original amounts of \$1 million or less and are either secured nonfarm, nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: This term refers to a loan that is included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income. These loans have original amounts of \$500 thousand or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Wholesale Bank: This term refers to a bank that is not in the business of extending home mortgage, small business, small farm or consumer loans to retail customers, and for which a designation as a wholesale bank is in effect, in accordance with section 228.25(b).